# EXTENDING
# OUR REACH

**CITY DEVELOPMENTS LIMITED**
ANNUAL REPORT 2014

## CONTENTS



After celebrating 50 years of success in 2013, CDL embarked on a new era of growth in 2014.

With fresh perspectives to further expand and diversify our business, we developed new overseas and investment platforms.

At the same time, we further strengthened our leadership in sustainability through innovations and setting new benchmarks.

We see limitless possibilities to what we can achieve for our stakeholders and the community, and look forward to many more exciting milestones ahead.

*Artist's Impression – South Beach, Singapore*

*Cover: South Beach – This mega mixed-use development is set to be an architectural icon and one of Singapore's most recognisable landmarks.*

# ENTERING A NEW ERA OF GROWTH

# UPHOLDING A PROVEN TRACK RECORD

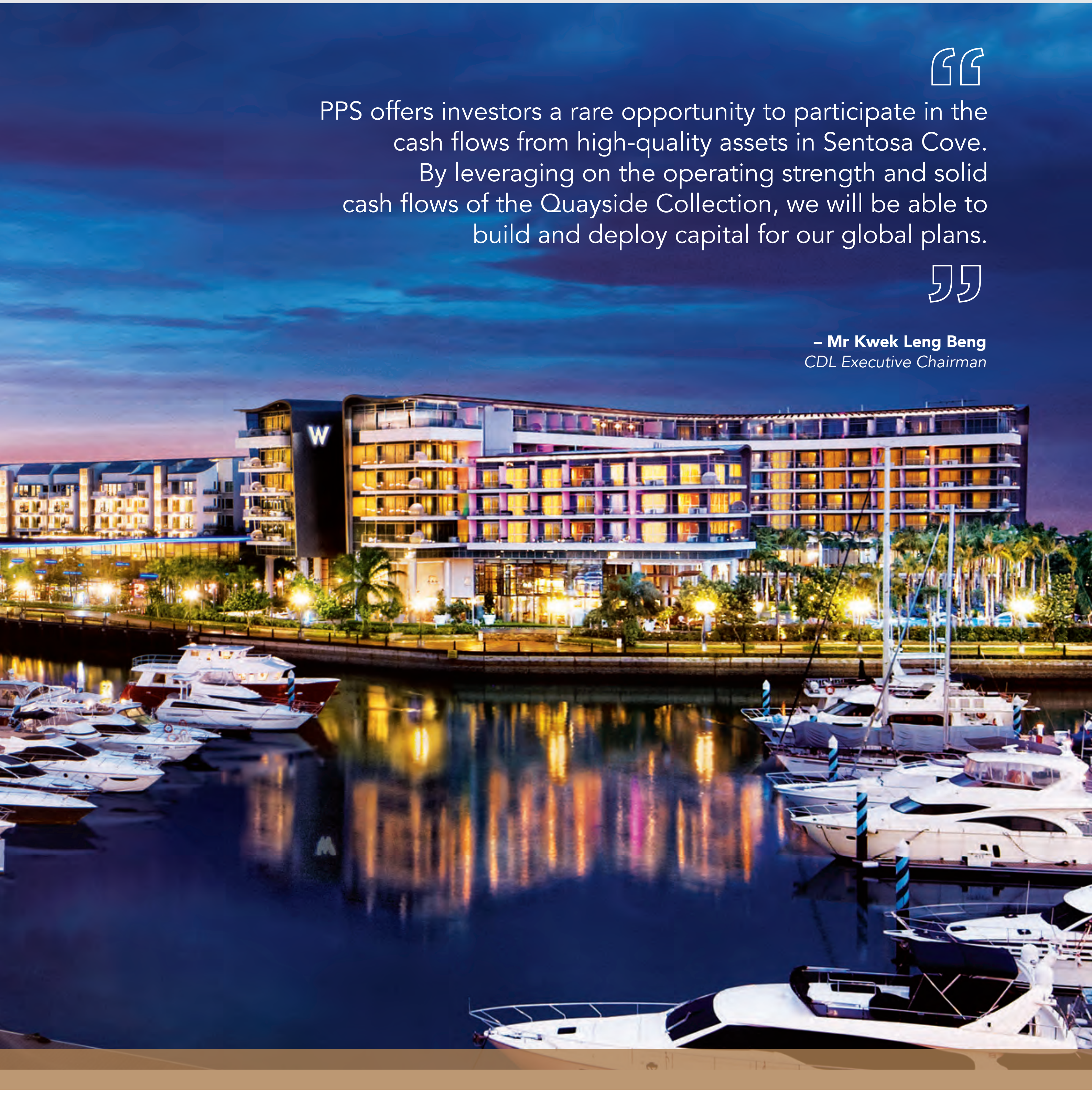
*The Quayside Collection, Sentosa Cove, Singapore*

CDL has consistently paved the way ahead with innovative strategies and unique platforms to strengthen our business.

In 2014, we unveiled the Profit Participation Securities (PPS), a $1.5 billion investment instrument that invests in the cash flows of CDL's properties in Sentosa Cove called the Quayside Collection (pictured). The upscale integrated development comprises the 5-star W Singapore – Sentosa Cove hotel, Quayside Isle, a waterfront F&B and retail property, and The Residences at W Singapore – Sentosa Cove.

> "PPS offers investors a rare opportunity to participate in the cash flows from high-quality assets in Sentosa Cove. By leveraging on the operating strength and solid cash flows of the Quayside Collection, we will be able to build and deploy capital for our global plans."

**– Mr Kwek Leng Beng**
*CDL Executive Chairman*



"CDL's business model is evolving, with growth focused on new geographies and products. We will accelerate our overseas expansion initiatives to supplement existing operations."

– **Mr Kwek Leng Beng**
*CDL Executive Chairman*

# DEVELOPING INTO NEW FRONTIERS

*Artist's Impression – Hong Leong City Center, Suzhou, China*

Our plans for strategic growth include extending our global reach. One of CDL's overseas platforms, CDL China Limited, achieved key milestones on its development sites in Chongqing and Suzhou. The upcoming Hong Leong City Center (pictured), for instance, will be an iconic mixed-use development next to Jinji Lake, within the Suzhou Industrial Park.

In the UK, our projects in Belgravia, Knightsbridge, Reading, Croydon and Chelsea progressed well.

CDL also made our landmark foray into residential development in Japan by acquiring a prime freehold land site in Tokyo's prestigious Shirokane area.

> We are delighted to have acquired this property. The Chelsea Harbour is one of the few hotels in the city to offer all-suite guest accommodation and is situated in a prestigious riverside area that will be going through further transformation and improvement in the near future.

**– Mr Kwek Leng Beng**
*CDL Executive Chairman*

One key component of the Group's diversification strategy is to strengthen and broaden its global hospitality footprint. In 2014, Millennium & Copthorne Hotels plc (M&C) acquired The Chelsea Harbour Hotel in London (pictured), Novotel New York Times Square, and Boscolo Palace Roma in Rome's upscale Via Veneto (renamed as Grand Hotel Palace Rome), making our mark on these iconic gateway cities.

M&C also opened its first and flagship hotel in Japan, the Millennium Mitsui Garden Hotel Tokyo in Ginza district, in December.

M&C continued to make good progress on its multi-million-dollar refurbishment programme, with Grand Hyatt Taipei and The McCormick Scottsdale in Arizona being the latest properties to have undergone significant upgrading.

Today, M&C has amassed 120 hotels across 22 countries.


*The Chelsea Harbour Hotel, London, UK*

# BROADENING OUR GLOBAL HOTEL FOOTPRINT

> With the eco-inspired Tree House, CDL has not only created a place where residents are proud to call home, but more importantly, a green icon which placed Singapore on the world map. CDL takes great pride in building developments that leave an indelible impression on the cityscape, with breakthrough sustainable designs and features as well as state-of-the-art technologies.

**– Mr Kwek Leng Joo**
*CDL Deputy Chairman*

*Tree House, Singapore*

As a leading eco-developer, CDL has made Corporate Social Responsibility an integral part of our business operations. As part of our vision to "Conserve as we Construct", CDL continued to scale new heights in sustainability and innovation.

We marked a new milestone with an entry in the Guinness World Record for largest vertical garden in April 2014. The 24-storey, 2,289 square metre vertical garden at CDL's Tree House condominium is a testament to our commitment to create dynamic spaces that support a sustainable lifestyle.

# CREATING A SUSTAINABLE FUTURE

# 10–YEAR FINANCIAL HIGHLIGHTS

| YEAR | 2005 | 2006 | 2007 |
|---|---|---|---|
| **Revenue** | $2,374m | $2,547m | $3,106m |
| Profit before income tax | $404m | $692m | $955m |
| Profit for the year attributable to owners of the Company | $200m | $352m | $725m |
| Net gearing ratio | 0.50 | 0.40 | 0.48 |
| Return on equity | 4.4% | 7.4% | 13.9% |
| Net asset value per share | $5.12 | $5.21 | $5.72 |
| Basic earnings per share | 20.8 cents | 37.0 cents | 78.3 cents |
| **Dividends** | | | |
| a) Ordinary dividend (gross) per share | | | |
| - final | 7.5 cents | 7.5 cents | 7.5 cents[1] |
| - special interim | – | 7.5 cents | 10.0 cents |
| - special final | 5.0 cents | 10.0 cents | 12.5 cents[1] |
| b) Preference dividend (net) per share | 3.90 cents | 3.90 cents | 3.90 cents |

*Notes:*

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

(2) *Final and special final tax-exempt (one-tier) ordinary dividends proposed for the financial year ended 31 December 2014 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.*

(3) *Certain accounting policies or accounting standards had changed in the financial years 2011 and 2014. Only the financial information above presented for each of the years immediately preceding 2011 and 2014 had been restated to reflect the relevant changes in accounting policies or accounting standards.*

## CAPITAL MANAGEMENT

| | As at 31/12/14 | As at 31/12/13 (Restated)[a] |
|---|---|---|
| Cash and cash equivalents | $3,898m | $2,720m |
| Net borrowings | $2,820m | $2,589m |
| Net gearing ratio[b] | 0.26 | 0.25 |
| Net gearing ratio if fair value gains on investment properties are taken into consideration | 0.19 | 0.18 |
| Interest cover ratio | 12.1 times | 13.7 times |

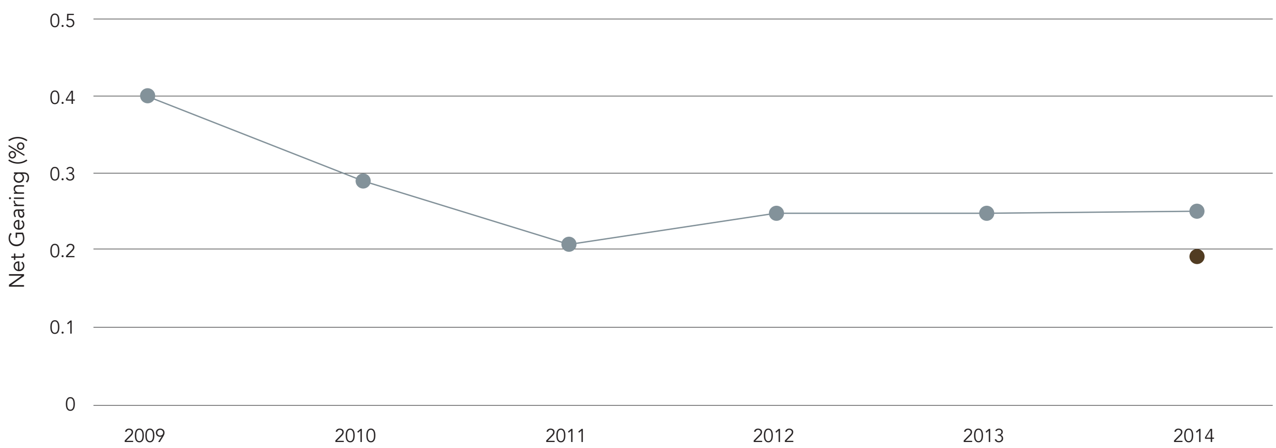
*Notes:*

(a) *The 2013 comparative figures were restated to take into account the retrospective adjustments arising from the adoption of FRS 110 – Consolidated Financial Statements.*

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

| 2008 | 2009 | 2010[3] | 2011 | 2012 | 2013[3] | **2014** |
|---|---|---|---|---|---|---|
| $2,945m | $3,273m | $3,103m | $3,280m | $3,354m | $3,213m | **$3,764m** |
| $834m | $832m | $1,067m | $1,136m | $960m | $948m | **$1,004m** |
| $581m | $593m | $784m | $799m | $678m | $686m | **$770m** |
| 0.48 | 0.40 | 0.29 | 0.21 | 0.25 | 0.25 | **0.26** |
| 10.7% | 9.9% | 12.5% | 11.7% | 9.3% | 8.9% | **9.2%** |
| $5.97 | $6.57 | $6.89 | $7.51 | $8.03 | $8.50 | **$9.25** |
| 62.5 cents | 63.8 cents | 84.8 cents | 86.4 cents | 73.2 cents | 74.0 cents | **83.2 cents** |
| 7.5 cents[1] | 8.0 cents[1] | 8.0 cents[1] | 8.0 cents[1] | 8.0 cents[1] | 8.0 cents[1] | **8.0 cents[2]** |
| – | – | – | 5.0 cents[1] | – | 8.0 cents[1] | **4.0 cents[1]** |
| – | – | 10.0 cents[1] | 5.0 cents[1] | 5.0 cents[1] | – | **4.0 cents[2]** |
| 3.90 cents[1] | 3.90 cents[1] | 3.90 cents[1] | 3.90 cents[1] | 3.90 cents[1] | 3.90 cents[1] | **3.90 cents[1]** |

## NET GEARING




● *If fair value gains on investment properties are taken into consideration.*

# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

On behalf of the Board of Directors, I am pleased to report that City Developments Limited Group achieved our highest-ever full year revenue of $3.8 billion despite persisting headwinds in the domestic market. The Group has demonstrated our ability to be nimble and innovative. In 2014, we deliberately focused on our diversification strategy by building on our capabilities, expanding geographically, diversifying our products and creating our own opportunities both locally and abroad, to create greater value for shareholders.


## GROUP PERFORMANCE

For the fourth quarter ended 31 December 2014 (Q4 2014), the Group posted a record attributable profit after tax and non-controlling interests of $384.9 million (Restated Q4 2013: $222.0 million), registering a significant increase of 73.4%. This was boosted by the completion of the sale of the present and future cash flows of the dividends and other shareholders' distributions in its wholly-owned subsidiary, Cityview Place Holdings Pte. Ltd. (Cityview) which owns the W Singapore – Sentosa Cove, Quayside Isle and The Residences at W Singapore – Sentosa Cove. Accordingly, basic earnings per share of the Group increased by 75.5% to 41.6 cents (Restated Q4 2013: 23.7 cents) for Q4 2014.

For the year ended 31 December 2014 (FY 2014), the Group achieved its highest ever revenue of $3,763.9 million, up 17.1% from 2013. The Group's profit after tax and non-controlling interests also increased by 12.2% to $769.6 million (Restated FY 2013: $686.2 million). Basic earnings per share stood at 83.2 cents (Restated FY 2013: 74.0 cents) for FY 2014.

$3.8b

Record revenue for FY 2014

The Group achieved more than $1 billion pre-tax profit for FY 2014. Profit contribution from the property development segment continued to be the highest for both Q4 and FY 2014. Pre-tax profit for this segment had increased by 46.9% and 28.8% respectively, following the completion of the sale of cash flows of Cityview, coupled with the maiden contributions from several projects namely D'Nest and Jewel @ Buangkok. In addition, the recognition of the entire profit from Blossom Residences Executive Condominium (EC) upon its completion in Q3 2014 had also contributed to the increase for FY 2014.

The hotel operations segment though second in place in terms of pre-tax contribution, delivered a strong performance. Pre-tax profit for this segment increased by 191.1% for Q4 2014 and by 43.7% for FY 2014. This was attributable to profit contribution from three newly acquired hotels, The Chelsea Harbour Hotel, Novotel New York Times Square and the Grand Hotel Palace Rome, and positive performance from recently refurbished hotels. Further, the sale of cash flows of Cityview also contributed to this segment.

The rental properties segment posted lower pre-tax profit for FY 2014 due to the absence of divestment gains from non-core investment properties recognised in FY 2013. The gains in 2013 were mainly from the sale of 100G Pasir Panjang and strata units in Citimac Industrial Complex, Elite Industrial Building I, Elite Industrial Building II and GB Building.

As at 31 December 2014, without considering the fair value surplus of the investment properties, the gearing ratio of the Group remained stable at 26.0% (Restated FY 2013: 25.0%). Its interest cover was at 12.1 times (Restated FY 2013: 13.7 times) for FY 2014.

In addition to final ordinary dividend of 8.0 cents per share, the Board is also recommending a special final ordinary dividend of 4.0 cents per share. Taking into account the special interim dividend of 4.0 cents paid in September 2014, the total dividends for 2014 amounted to 16.0 cents per share.

**Property**

Based on advance estimates, Singapore's economy expanded by 1.5% in Q4 2014 on a year-on-year basis (Q3 2014: 2.8%). On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 1.6% in Q4 2014 (Q3 2014: 3.1%).

For FY 2014, the Singapore economy expanded by 2.8%, compared with the 3.9% growth in 2013. This was at the lower end of Ministry of Trade and Industry's (MTI) revised growth forecast of between 2.5% and 3.5% for 2014.

The construction sector grew by 0.8% on a year-on-year basis in Q4 2014, lower than the 1.3% growth in the previous quarter, reflecting the slowdown in the private sector.

Prices of private residential properties moderated downwards for five consecutive quarters. Urban Redevelopment Authority (URA) data indicated that prices fell by 4.0% in 2014 compared with the 1.1% increase in 2013. Residential Property Price Index (PPI) decreased to 205.7 points in Q4 2014 (Q4 2013: 214.3 points). Rentals of private residential properties also declined by 3.0% year-on-year in 2014, a reversal from the 0.9% increase in 2013 on the back of new supply coming onto the market.

$1.4b

In sales value having sold 1,378 residential units in 2014, maintaining the Group's position as Singapore's top-selling private sector developer

According to URA data, developers sold only 7,316 private residential units (excluding ECs) – a significant drop of 51.1% in 2014 (2013: 14,948 units sold). If ECs are included, developers sold 8,894 units – a fall of 52.0% (2013: 18,536 units sold).

In general, property consultants share the view that sentiment will remain negative in 2015, with private home sales volume expected to hover around 7,000 to 8,000 units.

Despite the tough market conditions, the Group, together with its joint venture associates, sold 1,378 units, including ECs, at a value of about $1.4 billion, maintaining the Group's position as Singapore's top-selling private sector developer for 2014 (2013: 3,210 units with total sales value of $3.32 billion).

During the year under review, the Group successfully launched two new joint venture projects in May. The 944-unit Coco Palms at Pasir Ris Grove, is near Pasir Ris MRT station and White Sands Shopping Centre. To date, 80% of the project has been sold. The second development was the 845-unit Commonwealth Towers located adjacent to Queenstown MRT station. With its excellent city fringe location and strong transport connectivity, 85% of the 400 units released for sale have been sold to date. Coco Palms and Commonwealth Towers were respectively the first and second best-selling project for May in terms of sales volume. Coco Palms went on to top the best-selling list for 1H 2014.

For the period under review, profits were booked in from several pre-sold projects such as $H_2O$ Residences and Jewel @ Buangkok. Profits were also booked in from joint venture projects such as HAUS@SERANGOON GARDEN, The Palette, D'Nest, Bartley Residences, Bartley Ridge, The Inflora, Hedges Park and Echelon.

However, no profit was realised from Coco Palms and Commonwealth Towers as well as two fully sold EC projects namely, The Rainforest and Lush Acres.

For the office sector, URA statistics showed that the overall price index for office space increased by 4.5% in 2014 (2013: 5.2%). The overall rental index for office space shot up by 9.8% in 2014, a significant increase versus the 1.3% climb in 2013. The office rental index for the Central Area and the Fringe Area increased by 10.9% and 7.3% respectively.

Island-wide occupancy of office space at the end of 2014 moderated slightly to 89.8% (2013: 90.1%). The Group's portfolio of office space continues to maintain high occupancy at 97.2%.

South Beach, the Group's mega mixed-use joint venture development on Beach Road, topped-out its 45-storey South Tower (the taller of its two towers) on 2 December 2014. This tower will house a 654-room hotel, designed by famed Philippe Starck, named The South Beach. Offering a unique hospitality experience with a blend of the latest integrated technology and cool design elements, the hotel also has a large ballroom that can cater to over 500 guests, housed in a conserved building. The hotel will enjoy a symbiotic link with Suntec City Convention Centre, with connections built across and under the Nicoll Highway. The hotel General Manager has been appointed, the hotel management team is in place and staff recruitment is ongoing. The hotel is expected to soft open in April 2015, in phases.

The South Tower also houses The South Beach Residences, comprising 190 luxury apartments ranging from approximately 950 square feet (sq ft) for a 2-bedroom unit to over 6,500 sq ft for a 5-bedroom penthouse. Every unit will enjoy panoramic views of the Singapore skyline with stylish fitting and state-of-the-art furnishings. The penthouse will come with private swimming pools. It is expected to be completed in Q4 2015.

South Beach Consortium (SBC) has secured 80% of the leases for the 34-storey North Tower, offering 500,000 sq ft of Grade A office space. SBC is currently in advanced negotiations with potential tenants to take up the remaining 20%. This tower is expected to obtain its Temporary Occupation Permit (TOP) in Q1 2015. Tenants include numerous multi-national companies including Facebook Singapore Pte Ltd, which is the anchor tenant, occupying 70,000 sq ft of space. The first tenant is expected to commence operations in Q1 2015.

Other components of this integrated development such as the 29,000 sq ft South Beach Club and the retail space, are expected to complete in April 2015 and Q4 2015 respectively.

**Overseas Platforms**

The Group has been actively pursuing real estate development overseas as part of its diversification and expansion strategy.

### China

CDL China Limited, a wholly-owned subsidiary of the Group, continues to develop its three projects.

Eling Residences, a 126-unit luxury development located at the peak of Eling Hill in Yuzhong district, Chongqing, has completed all structural works up to the roof. In-situ show units are being completed and landscaping works on site have commenced. This Building and Construction Authority (BCA) Green Mark Platinum awarded project represents the first Green Mark Platinum rating accorded to a residential project in China. Subject to market conditions, the development is targeted for a soft launch in Q2 2015.

The mixed-use project at Huang Huayuan, also located in Yuzhong district, has made good progress both in excavation and retaining wall works. This development will comprise three high-rise residential towers, a 150-room hotel and a mall.

## Diversification Strategy

Via geographic expansion and development of new investment platforms

Suzhou Hong Leong City Center (HLCC) is a sizable mixed-use development next to Jinji Lake in Suzhou Industrial Park district. The 462-unit residential tower and the 899-unit SOHO tower, both part of Phase 1, have obtained their respective sales permits and the sales gallery which has two showflats is ready. While the project has not been officially launched, it has garnered many enquiries from the local community and 60 units were transacted with eager buyers in Q4 2014. CDL China will continue to monitor the market conditions in Suzhou and will officially launch Phase 1 at the appropriate time. For Phase 2, the excavation and retaining wall works are progressing smoothly and are expected to be completed in Q1 2015. Phase 2 will encompass a 362-unit residential tower, a hotel with around 300 rooms, a retail mall and an office tower.

The Group recently gained a foothold in Shanghai in December 2014 via the acquisition of Shanghai Jingwen Zhaoxiang Real Estate Limited (Jingwen), a Shanghai residential real estate developer, for RMB 799 million. Jingwen's completed 120-unit luxury residential development in Qingpu district's affluent residential corridor is built on a 163,837 square metres (sqm) land parcel with lush, well-landscaped greenery. The project was completed in 2013 with total GFA of approximately 48,456 sqm. 85 units remain unsold. The project is undergoing a complete overhaul which will include physical renovations and landscape enhancement. Three new showflats will be built in addition to the two existing ones.

The Group is closely monitoring the market conditions in China and will adopt the appropriate strategies as required. While most cities have lifted the home purchase restrictions and also relaxed the loan restrictions, the market recovery is still uncertain and sales are expected to be muted, although some provinces have recorded more transactions.

### UK

The UK economy is experiencing above trend growth despite easing in the latter part of 2014. With UK growth for 2014 estimated at 2.6%, growth for the year was the best since 2007. Consensus Treasury forecasts growth of 2.6% in 2015 before easing to 2.4% in 2016.

London, with its politically-stable economy, will outperform the UK generally. Therefore, domestic and international demand for real estate is forecast to continue, leading to capital value growth. Meanwhile, growth in consumer spending is supported by falling oil prices. A note of caution is sounded about rising construction tender prices, but overall the prospects for real estate are positive.

Political events may have an influence in the medium term. A UK general election in May 2015, followed by the London mayoral election in 2016, may have some bearing on real estate. However, the Group expects the underlying strength of the economy to offer some protection from political risk, and it will continue to be diligent in the assessment of new investments. We have reason to be cautiously optimistic about the outlook for London.

Since the Group established its UK real estate platform in 2013, setting aside up to £300 million for investment, to date, it has acquired six prime freehold properties in UK, amounting to an investment of £157 million. These include two sites in Knightsbridge, one each in Croydon, Belgravia, Chelsea and Reading. All these sites are "off-market" deals and they comprise a multi-storey car park site, residential and investment properties.

The Group is planning to market its Reading, Belgravia, Chelsea and Knightsbridge projects in Q2 2015.

The Group, through its indirect subsidiary Pinenorth Properties Limited, has entered into a conditional sale and purchase contract with Haymarket Group Properties Limited to acquire the Teddington Studios land site for £85 million (approximately S$175.4 million based on an exchange rate of S$1 to £0.48). The acquisition is expected to be completed in 2H 2015, upon fulfillment of the contractual conditions. The site is strategically located on the banks of the River Thames in south-west London, in one of the prime residential areas of Greater London. This freehold land parcel measures 18,211 sqm (approximately 4.5 acres). Under the current approved planning permission, the Teddington site may be redeveloped into a luxury residential complex with 207 apartments and six houses, with secure underground car parking.

### Japan

In September 2014, the Group seized an extremely rare opportunity to acquire majority interest in a prized freehold land site in Tokyo for 30.5 billion yen (approximately S$355.5 million). Located in the high-end, prestigious residential enclave of the Shirokane area in Tokyo's Minato ward, where numerous foreign embassies are situated, the expansive 16,815 sqm land parcel includes a mansion, the former residence of Seiko's founder, Mr Kintaro Hattori. The purchase of this landmark site in Japan marks the Group's first foray into residential real estate development in this market and the Group plans to develop luxurious condominiums on this site.

## Fund Management

The Group has also been attentively developing its funds management products as planned. In December 2014, the Group partnered with investment firm Blackstone's Tactical Opportunities Fund and CIMB Bank Berhad, Labuan Offshore Branch, to create a unique investment platform that will invest in the cash flows of the Group's high quality assets on Sentosa Cove, called the Quayside Collection.

The Quayside Collection comprises hotel, retail and residential components namely W Singapore – Sentosa Cove hotel, Quayside Isle, a waterfront F&B and retail property and the apartments of The Residences at W Singapore – Sentosa Cove. The investment instrument called Profit Participation Securities (PPS) will see investors receive a fixed payout based on 5% interest per annum for a period of five years, in addition to a participation in the cash flows over the period they hold the PPS.

The total aggregated value of PPS is $750 million, comprising $281 million subscribed by Astoria Holdings Limited, a wholly-owned subsidiary of the Group; with Blackstone Tactical Opportunities Fund investing $367 million and CIMB Bank Berhad, Labuan Offshore Branch contributing $102 million. Concurrently, two banks will provide $750 million in value of senior loan facilities.

$1.5b

Profit Participation Securities (PPS) introduced for the first time

The Group remains a substantial investor in PPS, reflecting its commitment and confidence in the long-term prospects for its Sentosa Cove assets. Through this transaction, a total of $1.5 billion was raised, enabling the Group to build and deploy capital for its global plans. The PPS demonstrates the Group's capability to bring well-structured products that would create value for its shareholders and for its strategic partners.

## Hotel

Millennium & Copthorne Hotels plc (M&C), in which the Group holds a 61.0% interest, reported net profit after tax and non-controlling interests of £44.0 million for Q4 2014 (Restated Q4 2013: £147.0 million) and £110.0 million for FY 2014 (Restated FY 2013: £224.0 million). The decrease was largely due to the absence of significant revenue and profit from the fully-sold The Glyndebourne condominium project, which were recognised in FY 2013. Basic earnings per share for FY 2014 was 34.0p (Restated FY 2013:69.4p).

Excluding The Glyndebourne, M&C's FY 2014 revenue increased by 3.8% to £820.0 million (Restated FY 2013: £790.0 million) and profit before tax was up 17.3% to £183.0 million (Restated: £156.0 million), driven by improved Revenue Per Available Room (RevPAR), mainly through acquisitions and hotel refurbishments.

RevPAR increased by 2.8% to £71.55 (FY 2013: £69.58), or by 6.9% in constant currency. M&C's refurbishment programme also benefitted hotel revenue through the return of renovated rooms to the inventory, as well as higher average room rates, especially at Millennium Hotel Minneapolis and Grand Hyatt Taipei, following their refurbishment works. The closure of the poorly performing Millennium Hotel St Louis in January 2014 had also helped to improve RevPAR.

Throughout 2014, M&C remained on alert for acquisition opportunities. In general, prices demanded by owners of hotel assets remained higher than justified by hotel operating performance. Despite this overall trend, M&C succeeded in completing the acquisition of three value-adding properties: an all-suite London hotel now renamed as The Chelsea Harbour Hotel, comprising 154 suites and 4 penthouses for £65 million in March, the 480-room 4-star Novotel New York Times Square for US$274 million (£161 million) in June; and M&C's first hotel in Italy, a 87-room 5-star hotel now renamed Grand Hotel Palace Rome for €66 million (£51 million) in October.

Altogether, the three acquisitions added £32.0 million to revenue and £6.0 million to operating profit in FY 2014. Proportionately greater contributions are anticipated in 2015, which will be their first full year of ownership by M&C.

In addition, CDL Hospitality Trusts (CDLHT), M&C's hospitality real estate investment trust associate, acquired two hotels in Tokyo in December 2014, which will be managed under the MyStays brand.

M&C's first hotel in Japan officially opened on 17 December 2014. The new 329-room luxury hotel is located in Tokyo's fashionable Ginza district. Mitsui Fudosan Co., Ltd. operates the hotel as the Millennium Mitsui Garden Hotel Tokyo under a fixed-term lease and licensing arrangement. M&C co-owns the freehold and leasehold interests in the property through a joint venture with the Group.

# CHAIRMAN'S STATEMENT

In December 2014, Urban Environmental Improvement (UEI) approval was granted for M&C's land in Seoul, South Korea to be used for lodging facilities. Also granted was UEI approval of the floor area ratio, footprint ratio and building height for a proposed hotel and serviced apartment construction project under consideration by M&C.

M&C is considering its options with regard to its freehold interest in Millennium Hotel St Louis, which closed in January 2014. The property occupies a 17,033 sqm site in the city. Additionally, it is also considering its options with respect to its freehold interest in a 35,717 sqm mixed use land site in Sunnyvale, California.

Apart from acquisitions and new developments, M&C regards prudent investment in the existing hotel portfolio as a means to improve return on capital. Such investment decisions are made with the utmost care, avoiding excessive disruption to current trading. Investment is also dependent on local planning constraints and permissions, which can delay individual projects.

In addition to standard maintenance expenditure across the estate, M&C invested £42.0 million in existing properties in 2014. Most of this investment was accounted for by the continuing refurbishment of the 853-room Grand Hyatt Taipei – M&C's largest hotel in Asia. The remaining work on the common areas of the property will conclude in 2015.

M&C also completed the refurbishment of its 125-room hotel in Arizona and all 100 rooms in the main tower of Millennium Harvest House in Boulder. On 1 October 2014, the former Millennium Resort and Villas Scottsdale was re-opened as The McCormick Scottsdale after a three-month closure over the normally quiet summer months.

Elsewhere, refurbishment projects are in process at Millennium Bailey's Hotel London, Millennium Hotel Buffalo, Millennium Hotel Anchorage and Millennium Biltmore Hotel Los Angeles. A number of significant refurbishment projects affecting other M&C properties are being planned.

M&C's associate, First Sponsor Group Limited (FSGL), was listed on the Singapore Exchange on 22 July 2014. FSGL will continue to be an important part of M&C's strategy for growing its presence in China, through managing hotels that are developed and owned by FSGL in the course of its work as an international mixed use real estate developer. As at 31 December 2014, M&C managed one property owned by FSGL – the 196-room M Hotel Chengdu. The 610-room Millennium Waterfront Chengdu Hotel is scheduled to open in Chengdu's Wenjiang district in 2017. Further properties are at the planning stage.

## CURRENT YEAR PROSPECTS

### Property

With the challenging regulatory environment, residential property prices in Singapore are expected to continue to moderate across all market segments. The various Government cooling measures, in particular the total debt service ratio (TDSR) framework and additional buyer stamp duty (ABSD), have adversely impacted both sales volumes and prices of residential units. Average residential rents across all market segments are on the decline, coupled with a weak secondary market.

By contrast, land prices for public Government Land Sales (GLS) tenders have remained relatively resilient. While the number of bidders and the tender bids have generally moderated for sites that are not considered prime, the demand for prime sites has stayed relatively strong. Tender bids for sites with good locational attributes continued to be very competitive, typically drawing more than 10 bidders each time. The demand for GLS sites underpins the pressure on developers to replenish their depleting land banks.

Upward pressure on GLS tender prices also seems in part attributable to the restrictions imposed by Qualifying Certificates (QC) which apply to the private land market, leading many listed local developers to rely on the GLS programme for land bank replenishment, often in competition with foreign developers' participation.

Given the Government property cooling measures, tighter credit environment, incoming supply of completed residential units and the possibility of continued rising interest rates, demand in the residential market is likely to remain subdued and residential prices are likely to continue to moderate further.

While the operating environment is expected to remain challenging, the Group will continue to maintain discipline in its investment approach to land or property acquisitions in Singapore and abroad.

The Group intends to launch two new projects in the coming months. The first is a 638-unit EC at Canberra Drive, next to the future Canberra MRT station. Comprising 2-bedroom to 5-bedroom types, with eight 10 to 12-storey blocks, this contemporary development is inspired by "Manhattan"-style living, with generous internal spaces and a thematically arranged recreational landscape. For this project, the Group will also introduce the use of Prefabricated Prefinished Volumetric Construction (PPVC), a game-changing technology for large-scale residential development which will make a quantum leap in construction productivity, worksite safety and quality control. This will likely be the largest application of PPVC in the world, and the first of its kind in Asia.

The second project is Gramercy Park, a 174-unit freehold development located along Grange Road in prime district 10, minutes away from Orchard Road and the CBD. Comprising two iconic sculptural towers, it is designed by world renowned architecture firm, NBBJ of New York. It is beautifully landscaped with a large sculptural garden, nature-inspired walking trail and a sculptural function room overlooking the 50-metre lap pool with jacuzzi. With a choice of 2-bedroom to 4-bedroom apartments and penthouses, all units are greeted by a private lift lobby with spacious, well-appointed interiors and premium finishes.

According to the Monetary Authority of Singapore (MAS), the global economic outlook is mixed and growth will be uneven across regions. The US is expected to see stronger growth relative to the other developed economies with improving private consumption in 2015. An expected US-led recovery will benefit the export-oriented ASEAN economies. However, such recovery will be partly offset by economic weaknesses in the Eurozone, Japan and China. The MAS is forecasting growth in the Singapore economy to remain moderate at between 2.0% and 4.0% for 2015.

The World Bank has ranked Singapore as the world's easiest place to do business in 2014. Similarly, the World Economic Forum ranked Singapore the second most competitive city in the world in 2014. Singapore has continued to remain attractive for investments and talent, thus maintaining its global financial and commercial hub status. In the long run, as global economic gravity continues to shift to Asia and as trade within North Asia and Southeast Asia grows, Singapore is well-positioned to become a leading global city. With such positive potential, the prospects for the office market and especially for Grade A office will remain highly favourable.

Property consultants expect the supply of office space to remain tight until the second half of 2016. Vacancy is expected to remain low for the short-term and office rents should continue to rise, albeit at a moderated pace.

**Hotel**

In the year ahead, M&C will focus on ownership and management of hospitality real estate assets and will also commit significant capital to the refurbishment of key gateway city and other properties. Its strong financial position affords it the ability to continue seeking out attractive acquisition opportunities.

Subject to ongoing concern about the sustainability of economic recovery and other factors affecting world travel and hospitality markets, M&C is well positioned to generate further improvements in operating performance in 2015. M&C's global RevPAR for January 2015 increased by 6.9% on a reported currency basis.

Mr Aloysius Lee joins M&C as its Chief Executive Officer (CEO) designate on 1 February 2015 and will take full control on 1 March 2015, succeeding Mr Wong Hong Ren who will step down as M&C's CEO and from the M&C Board.

**Group Prospects**

In 2014, the Group made very deliberate efforts to focus on its diversification strategy via both geographic expansion and development of new investment platforms.

In keeping with these objectives, the Group has acquired approximately $1.3 billion worth of assets in US, UK, Italy, Japan and China in 2014; and additionally, also created new products in fund management such as the PPS platform. The Group has demonstrated its ability to be nimble and innovative, building value for its shareholders. Reinforcing these developments has been the injection of fresh perspectives via new senior management appointments.

$1.3b

Worth of overseas assets acquired in 2014

Headwinds are expected to persist for the domestic market. The health of the global economic landscape remains fragile. Despite these uncertainties, there will always be pockets of opportunity and the Group remains poised to capitalise on this down cycle, to build on its capabilities, expand geographically, diversify its suite of products and create its own opportunities both locally and abroad.

## APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to our stakeholders, including our shareholders, customers and business associates and partners, for their continued support of the Group. Mr Foo See Juan, who has served as an Independent non-Executive Director since June 1986, will be retiring from the Board at the forthcoming Annual General Meeting. On behalf of the Board and Management, I would like to thank Mr Foo for his invaluable contributions and wise counsel over the years. I would also like to thank my Deputy Chairman and fellow Directors for their invaluable advice and guidance and the Management and staff for their dedication and commitment in the past year.

**KWEK LENG BENG**
*Executive Chairman*
16 February 2015

# 董事主席报告

我谨代表董事部同仁欣然呈报城市发展集团的业绩创下历来最高记录，全年营业额高达38亿元。而截至2014年12月31日的第四季度，税后归股东净利也创新高，达至3亿8490万元。集团也推出独特的盈利参与性票券投资平台，集资15亿元作为集团在全球各地的计划用途。本集团也展示灵活和创新的能力，尤其是通过任命高级管理人才，引进新思路。展望未来，我们仍然准备通过我们的实力，扩大地域，产品多样化，以及创造我们海内外的机会，为股东创造更大的价值。

**集团业务表现**

截至2014年12月31日的第四季度(2014年第四季度)，本集团取得创记录的业绩，税后归股东净利达至3亿8490万元(重列2013年第四季度为2亿2200万元)，激增73.4%。季度净利大增是因为集团将独资子公司Cityview Place Holdings Pte. Ltd.(简称Cityview)高挡综合发展项目的现金流脱售。Cityview拥有三个房产项目：新加坡升涛湾W酒店 (W Singapore – Sentosa Cove)，圣景湾(Quayside Isle)及新加坡升涛湾W公寓(The Residences at W Singapore – Sentosa Cove)。 为此，集团2014年第四季度的每股基本盈利飘升75.5%，达至41.6分(重列2013年第四季度为23.7分)。

截至2014年12月31日(2014年财政年度)，集团全年收益创下历年最高的业绩达至37亿6390万元，同比增长为17.1%。集团的可归属于股东净利也上扬12.2%，达至7亿6960万元(重列2013年为6亿8620万元)。2014年的每股基本盈利为83.2分(重列2013年为74.0分)。

2014年税前盈利高达10亿。2014年第四季度及2014年的盈利主要贡献依然来自房地产发展业务，分别占集团税前盈利的46.9%及28.8%。这主要归功于Cityview的现金流脱售以及几个楼盘的初次进帐，如鸣翠苑(D'Nest)、万国阁(Jewel@Buangkok)。此外，花盛园(Blossom Residences)执行共管公寓于2014年第3季度竣工，收益一次性入帐，也为2014年的亮丽业绩增辉。

按税前盈利的贡献而言，酒店业务尽管位居第二，但是业绩强劲。2014年第四季度，酒店业务的税前盈利增长191.1%，2014年增长43.7%。盈利主要来自三家新收购的酒店–即伦敦切尔西港全套房酒店 (The Chelsea Harbour Hotel)、Novotel New York Times Square及罗马宫廷大酒店 (Grand Hotel Palace Rome)，以及新近装修后重新开业的酒店的正面回报。此外，Cityview脱售其现金流也为酒店业务的盈利锦上添花。

租赁业务方面，2014年税前盈利的表现不尽理想，主要是缺乏脱售非核心投资性房地产的利润。2013年的利润主要来自脱售100G Pasir Panjang的仓库和Citimac工业大厦、Elite工业大厦1栋、Elite工业大厦2栋以及GB大厦的分层地契单位。

截至2014年12月31日，不计投资性房产业的公允价值变动，集团的净负债与资产维持平稳，比率为 26.0% (重列2013年为25.0%)。本财政年，集团的利息偿付比率为12.1倍(重列2013年为13.7倍)。

除了派发每股8.0分年终普通股息，董事部也建议增派每股4.0分的特别年终普通股息。加上2014年9月派发的每股4.0分的特别年中股息，2014年普通股东的股息共为每股16.0分。

**房地产业**

根据预先估计值，2014年第四季度新加坡的经济年比增长为1.5%(2014年第三季度为2.8%)。按季节变化调整后的季度环比增长折合年率计算，2014年第四季度的经济增长实为1.6%(2014年第三季度为3.1%)。

整体上，2014年新加坡经济增长为2.8%，低于2013年的3.9%，处于贸工部(MTI)所预测的2.5%至3.5%幅度间的较低位。

本地建筑业在2014年第四季度年比增长0.8%，低于上一个季度的1.3%，反映了私有建筑业步伐放缓了。

私宅产业价格连续五个季度滑落。市区重建局(URA)的数据显示，2014年的价格跌了4.0%，而2013年则是微升1.1%。2014年第四季度，私宅产业价格指数(PPI)下滑至205.7点(2013年第四季度为214.3点)。私宅租赁方面，2014年年比下降3.0%，和2013年在市场供应不间断下仍然微升0.9%的情况截然相反。

根据市区重建局的数据，发展商在2014年只售出7,316个私宅单位(不含执行共管公寓)，大幅度滑落了51.1%(2013年售出14,948个单位)。若把执行共管公寓计算在内，发展商共售出8,894个单位，跌幅为52.0%(2013年售出18,536个单位)。

整体而言，房地产业咨询公司一致认为2015年的市场氛围将持续悲观，估计私宅销售量将盘旋在7,000-8,000个单位之间。

尽管市场形势严峻，2014年本集团及其合资伙伴还是卖出了包括执行共管公寓在内的1,378个单位，销售总值14亿，保持了本集团作为新加坡销售业绩最佳的私人发展商的地位(2013年3,210个单位成交，销售总值33亿2000万元)。

在本财政年里，集团于5月份成功推出两个新的合资楼盘，即位于巴西立林(Pasir Ris Grove)， 毗邻巴西立地铁站及白沙购物中心、拥有944个单位的椰林景(Coco Palms)，至今已售出80%的单位。

另一个楼盘就是位于联邦道女皇镇地铁站旁、拥有845个单位的Commonwealth Towers，由于其位置优越，与市区一箭之遥，交通四通八达，首批推出的400个单位，已有85%成交。按成交量，椰林景和Commonwealth Towers分别列为五月份销售成绩的第一和第二位， 而椰林景更是2014年上半年销售成绩最好的楼盘。

在本财政年内，好几个预售楼盘的收益都陆续入帐，如云水苑($H_2O$ Residences) 和万国阁；其中还包括合资楼盘如豪舍(HAUS@SERANGOON GARDEN)、梦彩苑 (The Palette)、鸣翠苑、Bartley Residences、 Bartley Ridge、The Inflora、Hedges Park以及盛峰(Echelon)。

然而，有些楼盘如椰林景、Commonwealth Towers以及另外两个全面售罄的执行共管公寓楼盘，雨林阁(The Rainforest)及Lush Acres的营利有待入帐。

在办公楼产业市场方面，市区重建局数据显示2014年的办公楼产业价格指数上升了4.5%(2013年为5.2%)。而2014年的办公楼租金指数则高涨9.8%，大幅度超越2013年的1.3%增长。市中心办公楼与市区边缘办公楼的租金指数分别攀升10.9%和7.3%。

截至2014年年尾，全岛办公楼出租率微跌至89.8%(2013年为90.1%)。集团旗下办公楼产业维持高出租率，高达97.2%。

本集团位于美芝路的合资综合发展项目风华南岸(South Beach)，共有两栋大楼，其中较高的南翼大楼，楼高45层，顶层结构已经按进度于2014年12月2日竣工。南翼大楼为风华南岸酒店，拥有654间客房，由著名建筑师Philippe Starck设计，以最新的一体化科技与时下最酷的设计元素打造独特的住宿体验。酒店在受保留的建筑里也有一间可以容纳超过500人的宴客厅。本酒店也与新达城会展中心洽商好，将打造衔接廊道，一条由空中通往新达城，另一条则穿越尼诰大道地下而至新达城。集团已经委任了酒店总经理，酒店管理层经已组成，目前正进行员工招聘。酒店预订在2015年4月试营业，分阶段全面开业。

南翼大楼也辟出楼层经营190间风华南岸超豪华精品公寓。公寓面积介于约950平方英尺(2房式)至6,500平方英尺(5房式顶楼)，每间公寓都能把新加坡城市轮廓美景尽收眼底。室内装潢格调高贵，设备先进，顶楼公寓还配置了私人泳池。公寓预定在2015年第四季度完工。

楼高34层的北翼大楼有500,000平方英尺的A级办公单位。风华南岸的财团South Beach Consortium(SBC)已经为80%的办公空间找到租户，如今SBC正在与一些准租户进行最后阶段的洽商，希望租出剩余的20%的空间。北翼预计可以在2015年第一季度取得临时入伙证(TOP)。租户包括许多跨国企业，其中一家主要租户为Facebook Singapore Pte Ltd，将占用70,000平方英尺的空间。第一个租户预计可在2015年第一季度正式营业。

本综合发展项目的另一个亮点为占地29,000平方英尺的风华南岸会所及零售空间，预定在2015年4月及2015年第四季度竣工。

**海外发展平台**

本集团一直积极寻求海外开拓房地产业机遇，作为其多元化发展和扩展的部分策略。

### 中国

集团独资子公司城市发展(中国)有限公司继续经营旗下三个发展项目。

重庆渝中区鹅岭峰的126席鹅岭奢装豪宅包括屋顶的所有结构工程已经完成。实体示范单位也已经竣工并正在进行景观布置。本项目荣获新加坡建设局(BCA)颁发绿色建筑标志白金奖(Green Mark Platinum Award)，这是中国住宅发展项目首次获得绿色建筑标志认证。视市场发展情况而定，本项目预定在2015年第二季度开始预售。

同样位于重庆渝中区，黄花园综合发展项目在土石方开挖和竖设挡土墙的工作方面，进展良好。本项目计划建造三栋住宅高楼、一个拥有150个客房的酒店和一座购物商场。

苏州丰隆城市中心(HLCC)乃是苏州工业园区内邻近金鸡湖畔的大型综合发展项目。项目一期为一栋拥有462个单位的住宅大厦以及一栋拥有899个单位的居家办公大楼(SOHO)，两者都已经获得销售许可证，而拥有两个示范单位的销售中心也已建造完毕。尽管本项目还未正式推出，已经引起当地用户的热烈查询和在2014年第四季度60个单位也已成功完成交易。城市发展(中国)有限公司将密切留意苏州的市场形势，看准时机正式推出第一期的楼盘。至于二期工程，土石方开挖和竖设挡土墙的工作进展顺利，预计可以在2015年第一季度结束这部分的工程。项目二期将包括一栋拥有362个单位的公寓大楼，一个大约300个客房的酒店，一座购物中心及一栋办公大楼。

本集团也在2014年12月进入上海市场。集团以7亿9900万人民币收购了上海精文赵巷置业有限公司（简称“精文”)。精文是上海一家住宅发展商，于上海青浦区富裕住宅地段建成了120个高级住宅单位，占地16万3837平方米，处于茂密的园林景观之中。该项目于2013年落成，总建筑面积约为4万8456平方米，尚有85个单位仍未售出。该项目将进行全面翻修，除了设施装修也将美化景观。除了原有的两个示范单位，还将多盖三个示范单位。

本集团正密切留意中国的市场动态，在必要时采取适当的策略。尽管多数的城市已经取消了住房购买限制，也放宽了房贷政策，房产市场的复苏仍处于不明朗的阶段，销售相对滞后，当然有些省份的交易量比较好。

### 英国

虽然2014年较后时段经济增长似乎放缓了下来，英国的经济增长其实比一般趋势来得好，2014年的增长估计为2.6%，是2007年以来最好的表现。共识财经预测2015年的增长率为2.6%，然后2016年稍微放缓至2.4%。

得力于其全球化城市的地位与政治稳定，伦敦市的经济将超越英国整体经济。因此，估计国内和国际市场对伦敦房地产的需求依然看好，资本增长形势良好。此外，油价持续下滑也促进了消费增长。不过，建筑投标价持续上扬，集团也必须保持谨慎，但是整体上房产市场还是大有可为的。

中期发展或会受到一些政治事件所影响。2015年5月英国将举行大选，而2016年则是伦敦市长选举，这些或多或少都会给房地产业带来一些压力。然而，本集团相信英国的经济实力能抵消部分政治风险，而集团也会小心评估新的投资项目。集团对伦敦的展望保持审慎乐观。

集团自2013年进军英国房地产以来，拨出3亿英镑作为英国投资之用。至今，已经购置了6个黄金房地产项目，投资额为1亿5700万英镑。这包括Knightsbridge的两个地段，而Croydon、Belgravia、Chelsea和Reading则各一个地段，都是场外交易所得，所购地段包括多层停车场、住宅和投资性房地产。

本集团计划于2015年第二季度推出在Reading、Belgravia、Chelsea及Knightsbridge的发展项目。

集团通过间接子公司Pinenorth Properties Limited签署了价值8500万英镑的有条件土地销售合同（按一新元对0.48英镑计，约折合为1亿7540万新元)。一旦履行合同条件，有关交易预计可在2015年下半年完成。有关地段地处伦敦西南部，泰

晤士河沿岸，属于大伦敦其中一个高档住宅区。土地面积约为1万8211平方米 (约为4.5英亩)，属于永久地契。按目前通过审批的规划案，这块Teddington地段将重新发展成拥有207间公寓和6间有地寓所的豪华综合住宅大楼，附带私人地下停车场。

日本

2014年9月，本集团获得极其难逢的机会以305亿日圆(折合新币约为3亿5550万元) 成为东京一块出类拔萃的永久地契地皮的控股股东。这块地位于东京都港区白金，其特别之处在于使馆林立。这块黄金地面积约为1万6815平方米，包括一栋别墅，一度为精工手表创始人服部金太郎的居所。购得这块地标，意味着本集团将首度涉足日本的住宅发展市场，而集团将在此地段开发豪华公寓项目。

**基金管理**

集团也按计划精心发展其基金管理产品。2014年12月，集团与投资公司黑石集团的战略良机基金(Tactical Opportunities Fund) 以及马来西亚联昌(CIMB)国际银行纳闽岸外银行联手创设独特的投资平台，投资于本集团位于升涛湾的高档资产，the Quayside Collection的现金流。

The Quayside Collection是高档综合发展项目，集酒店、零售和住宅项目，即新加坡升涛湾W酒店、海滨饮食和零售产业圣景湾及新加坡升涛湾W公寓。投资方案为含盈利参与性票券(Profit Participation Securities)，投资者在五年持有期内获得年利率5%的固定收益，此外，也能获得这期间产业所带来的现金流。

上述票券的合计总值为7亿5000万元，其中城市发展独资子公司Astoria Holdings Limited认购了2亿8100万元，黑石集团战略良机基金认购3亿6700万元，而联昌国际银行纳闽岸外银行认购1亿200万元。与此同时，有两家银行提供7亿5000万元的高级贷款协议。

集团依然是上述票券的主要投资者，说明集团对升涛湾产业长期的承诺和信心。通过这个投资工具，集团筹得15亿元，有助于集团为其国际项目集合并调动资金。盈利参与性票券展示了集团有能力推出架构完整的基金管理产品，为股东和战略伙伴增值。

**酒店**

集团拥有61%权益的千禧国敦酒店集团(M&C)于2014年第四季度取得税后归股东净利4400万英镑(重列2013年第四季度为1亿4700万英镑)；2014年税后归股东净利则达到1亿1000万英镑(重列2013年为2亿2400万英镑)。盈利的减底主要是因为缺少已售罄的格林豪廷公寓(The Glyndebourne) 的显著利润。2014年每股基本盈利为34便士(重列2013年为69.4便士)。

不计格林豪廷公寓，M&C2014财政年的收入提高了3.8%，达至8亿2000万英镑 (重列2013年为7亿9000万英镑)，税前盈利增长17.3%，达至1亿8300万英镑 (重列2013年为1亿5600万英镑)，归功于更高的客房平均收入，而这主要是收购和酒店翻新的回报。

客房平均收入提高了2.8%，达71.55英镑(2013年为69.58英镑)，若按固定汇率计算，涨幅为6.9%。M&C的翻新计划也带来了利润，随着翻新的酒店客房投入服务，客房收入回报也提高了，特别是明尼阿波利斯千禧酒店 (Millennium Minneapolis) 及台北君悦大饭店(Grand Hyatt Taipei)。Millennium Hotel St Louis因业绩不理想而于2014年1月结业也是明智之举，并提高了客房平均收入。

2014年全年，M&C都很留意所有的收购机会。一般上，酒店产业业主的要价，从有关酒店的业绩来看，都显得不太合理。尽管在这种不利的市场走势中，M&C成功达成三宗收购交易，相关产业都有增值潜能。即伦敦切尔西港全套房酒店，共有154间套房和4间顶楼公寓，3月份以6500万英镑成交；6月份则以2亿7400万美元(折合为1亿6100万英镑)买下美国四星级酒店—拥有480间客房的Novotel New York Times Square；而10月份则斥资6600万欧元(折合为5100万英镑) 添置了旗下第一家意大利酒店，拥有87间客房的5星级酒店，重新命名为罗马宫廷大酒店。

2014年的这三笔交易为M&C增添了3200万英镑的收入，营运利润达600万英镑。集团预期2015年，这三家酒店在M&C旗下满一周年之际，贡献也会按比例增加。

与此同时，M&C的酒店产业投资信托，城市发展酒店服务信托(CDLHT)也在2014年12月买下了东京两家酒店，计划纳入MyStays品牌下经营。

M&C在日本的第一家酒店–Millennium Mitsui Garden Hotel Tokyo–于2014年12月17日正式开幕。这家豪华酒店有329间客房，位于东京时尚地区银座。在固定期限租赁与授权合约下由Mitsui Fudosan Co., Ltd管理。M&C与本集团形成合资关系，共同拥有这个业务的永久与租赁权益。

2014年12月，M&C在南韩首尔的地皮获得了城市环境整治(UEI)许可证，可以发展住宿设施。许可证也同时审批了M&C所申请的酒店与服务公寓建筑项目的容积率、占地面积和建筑高度等细节。

另一方面，Millennium Hotel St Louis 2014年1月结业后，M&C正考虑如何处理其永久业权。有关物业在市区占地1万7033平方米。此外公司在加利福尼亚州森尼维尔(Sunnyvale)有一块面积3万5717平方米的综合发展用地，属于永久地契，M&C也正考虑其用途。

除了收购和发展新项目，M&C也慎重的投资于现有酒店物业以改善资本回报率。为免干扰日常经营，这类投资决策一般经过小心谨慎的评估，此外也必须考虑到当地的规划局限和许可，因为这些因素可能拖延个别项目的进程。

标准维修开支之外，M&C也投资了4200万英镑于旗下现有物业，大部分用于翻新M&C在亚洲最大的酒店，有853间客房的台北君悦大饭店。有关酒店的翻新工程已经进入尾声，只剩酒店公共空间的翻新，估计工程将于2015年全面结束。

M&C也翻新了旗下亚利桑那州一家拥有125间客房的酒店，以巨石城千禧酒店(Millennium Harvest House Boulder)全部100间客房。2014年10月1日，前Millennium Resort and Villas Scottsdale在暑假淡季关闭三个月后重新开业，并改名为斯科茨代尔千禧酒店 (The McCormick Scottsdale)。

酒店翻新工程也在其它地区进行，如伦敦肯辛顿千禧贝利酒店(Millennium Bailey's Hotel London Kensington)，水牛城千禧酒店 (Millennium Hotel Buffalo)，安克拉治阿拉斯加千禧酒店(Millennium Hotel Anchorage)及洛杉矶巴尔地摩千禧酒店(Millennium Biltmore Hotel Los Angeles)。还有好些主要翻新工程将影响M&C旗下的物业也在规划中。

M&C的联营公司First Sponsor Group Limited (FSGL)于2014年7月22日在新加坡证券交易所挂牌上市。FSGL依然是M&C扩大其在中国市场占有率的重要策略。作为国际综合房产发展商，M&C将管理由FSGL所开发和拥有的酒店物业。截至2014年12月31日，M&C管理一个拥有196间客房的成都M酒店(M Hotel Chengdu) 由FSGL所持有。位于成都温江发展地段的610间客房的Millennium Waterfront Chengdu Hotel 也定于2017年开幕，其它发展项目也处于规划阶段。

## 今年展望

### 房地产

在具有挑战性监管环境下，新加坡各类房地产市场的价格将继续放缓。政府的各项降温措施，特别是总偿债率(TDSR)和额外买家印花税(ABSD) 政策，已对住宅单位的销售量和价格造成不利的影响。各类房产的平均租金价格加上其疲弱的二级市场都在向下滑落。

相比之下，政府售地计划(GLS)下的售地招标却相对有弹性。虽然那些被视为非黄金地段的地皮有较少的竞标者，标注也普遍放缓，然而位于优质的地段的地皮需求依然强劲。一般能吸引超过十个竞投者，而竞标价也相对高。政府售地计划下的地皮需求强劲，说明发展商正面对压力以填补消耗中的土地库存。

GLS投标价格的上升压力似乎也部分来自私人土地市场必须受到合格证书(Qualifying Certificate)的限制，这导致许多上市的本地发展商依赖政府售地计划来填补土地库存时，通常不得不与海外发展商互相竞争。

有鉴于政府的降温措施，房贷紧缩，预期住宅单位的供应量以及利率可能继续攀升，集团认为住宅需求还会受到压制，而房产价格也会持续放缓。

营运环境预期将保持严峻，本集团将维持在新加坡及海外收购和投资土地或房产物业的严谨投资方针。

在未来几个月内，集团将推出两个楼盘。首先是位于坎贝拉通道，规划中的坎贝拉地铁站旁的执行共管公寓。这个楼盘共有638个单位，从2房至5房不等，共八栋楼，每栋楼高10至12层。本项目标榜曼哈顿风格，单位面积宽敞，附带一系列消闲主题设施。集团在本楼盘引进了一项改革创新的大型项目建筑科技，工厂预制体积建设(PPVC)，在建筑生产力、工地安全及品质管理方面带来重大提升。本项目可能是目前全世界最大规模应用PPVC科技的发展项目，也是亚洲首例。

其次是Gramercy Park公寓。这个楼盘位于第10区黄金地段格兰芝路(Grange Road)，离乌节路和中央商业区只有一箭之遥。楼盘属于永久地契，共有174个单位分布于两栋地标性的大楼内。大厦设计出自纽约著名建筑公司NBBJ。四周都是美丽的雕塑园林景观，还有自然步道和瞭望50米泳池和按摩池的多功能大厅。房型选择分为2房至4房以及顶楼公寓。室内宽敞，朝向理想，装潢高贵，所有的单位都有私人电梯大堂。

新加坡金融管理局认为，全球经济展望好坏参半，各地区的增长也不十分平均。估计跟其他发达经济体相比，美国2015年的增长在私人消费带动下，还是相对强劲的。而美国的经济复苏将带动以出口为主的亚细安经济体。然而，美国所带来的经济利益有一部分会因为欧洲、日本和中国的疲弱而被抵消。金融管理局预测新加坡2015年的增长幅度将维持于适中的2.0%-4.0%之间。

2014年，世界银行报告的排行榜上，新加坡名列全球最容易经商的国家。同样地于2014年世界经济论坛全球最俱竞争力排行榜上，新加坡名列第二。新加坡在投资和人才方面仍然富有吸引力，所以能维持作为金融和商业枢纽的地位。长远而言，全球经济中心将继续移往亚洲，而北亚与东南亚的贸易也会持续增长，按此，新加坡有很丰厚的条件成为全球首屈一指的城市。如此积极的未来正面展望，办公室市场，特别是A级办公楼的需求估计会维持高水平。

房产顾问机构预测办公空间的供应在2016年下半年以前依然是紧张的。短期而言，空置率会非常低，而租金会继续以缓慢的幅度上扬。

### 酒店

未来一年，M&C将集中于酒店物业的管理和拥有权，同时也会拨出可观的资金翻新位于商旅重镇的酒店和其他物业。而由于该公司的财务状况稳健，绝对有能力继续在适当时机进行收购。

虽然业界一直对于经济复苏的力度和其他可能影响全球旅游和酒店住宿市场的因素感到忧虑，然而M&C有条件在2015年提高业绩。2015年1月，按汇报货币计，M&C全球客房平均收入上升了6.9%。

从2015年2月1日开始，Aloysius Lee先生将成为M&C的候任总裁(CEO)并于2015年3月1日正式履行总裁职务，接替即将从M&C董事局卸任的现任总裁，Wong Hong Ren先生。

### 集团展望

集团在2014年竭尽全力执行多元化策略，通过开拓海外市场及开发新投资平台来拓展业务。

依据此目标，集团于2014年在美国、英国、意大利、日本和中国收购了总值接近13亿元的物业，此外也开创出新的基金管理产品，例如盈利参与性票券，本集团已充分展现其灵活与创新的能力，为股东的投资创造价值。对此发展目标的巩固乃由于新任命的高级管理人才的新观点的注入而使然。

未来一年，预期逆风将继续横行本地市场，而全球经济景观将维持脆弱。尽管在此不明朗的前景下，不时会有大把好时机出现，本集团仍时刻准备利用此低潮周期巩固其实力，拓展海外项目，多元化其产品套件，于本地及海外市场为自己创造机会。

## 鸣谢

我谨代表董事部同仁，衷心感谢与集团利益相关的各方，包括股东、客户和商业伙伴对本集团继续不断的支持。我们的独立非执行董事Foo See Juan 先生将于来届的常年大会中卸任。Foo See Juan先生于1986年加入本集团董事部。我谨代表董事部同仁由衷地感谢Foo See Juan先生多年来的珍贵贡献及卓见。本人也要感谢副主席及董事部各成员这一年来给予宝贵意见和指导以及管理层和众员工过去一年来坚定不移的奉献与承诺。

**郭令明**
执行主席
2015年2月16日

# BOARD OF DIRECTORS


KWEK LENG BENG


KWEK LENG JOO


FOO SEE JUAN


KWEK LENG PECK


TANG SEE CHIM


YEO LIAT KOK PHILIP


TAN POAY SENG


ERIC CHAN SOON HEE


TAN YEE PENG

## KWEK LENG BENG, 74
**Executive Director**

Appointed as a Director and Executive Chairman of City Developments Limited (CDL) on 1 October 1969 and 1 January 1995 respectively, Mr Kwek was last re-appointed as a Director on 23 April 2014 pursuant to Section 153(6) of the Companies Act, Chapter 50 (Section 153(6)). He also sits on the Nominating Committee (NC) of CDL.

Mr Kwek is the non-executive Chairman of Hong Leong Asia Ltd. (HLA) and Millennium & Copthorne Hotels plc (M&C). He is also the Chairman and Managing Director of Hong Leong Finance Limited (HLF) and City e-Solutions Limited (CES) and the Executive Chairman of Hong Leong Investment Holdings Pte. Ltd., the immediate and ultimate holding company of CDL.

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

Mr Kwek's other appointments include being a member of the East Asia Council of INSEAD since its inception in 2003, a board member of the Singapore Hotel Association and a Fellow of the Singapore Institute of Directors. He was also conferred an Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US) and an Honorary Doctorate from Oxford Brookes University (UK).

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

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

In February 2015, Mr Kwek was also presented the Singapore Chinese Chamber of Commerce & Industry (SCCCI) SG50 Outstanding Chinese Business Pioneers Award. The award honours the Republic's outstanding Chinese business pioneers and their exemplary contributions to nation-building.

## KWEK LENG JOO, 61
**Executive Director**

Appointed as a Director of CDL on 8 February 1980, Mr Kwek assumed the position of Deputy Managing Director in 1987 and held the role of CDL's Managing Director from January 1995 until his appointment as Deputy Chairman on 17 February 2014. Mr Kwek was last re-elected as a Director on 23 April 2014. He is also the Chairman of CDL's Corporate Social Responsibility & Corporate Governance (CSR-CGC). He is an Executive Director of CES and a non-executive Director of HLF.

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

Mr Kwek contributes actively to the business and civic communities through many public appointments. He served as the President of SCCCI from 1993-1997 and 2001-2005 and is currently an Honorary President of SCCCI. He is the Chairman of the Board of Trustees of the National Youth Achievement Award Council, co-Chairman of the International Panel of Experts on Construction Productivity & Prefabrication Technology, Trustee of The Duke of Edinburgh's International Award Foundation, and a member of the Board of Trustees of Nanyang Technological University. He is also a member of the Singapore Management University's Master of Tri-sector Collaboration Advisory Group, the Climate Change Network, Marina Bay Public Art Advisory Panel and the National Productivity and Continuing Education Council, as well as an Honorary Fellow of the Society of Project Managers and a Fellow of the Singapore Institute of Directors. He was also appointed a Justice of the Peace by the President of the Republic of Singapore in 2013.

Mr Kwek has been a dedicated advocate of CSR for over two decades, and his vision has established CDL's reputation as a leading green building champion and a forerunner in CSR, raising the bar for Singapore's real estate industry and driving change for the building sector. To raise the importance of CSR in the business community in Singapore, Mr Kwek was elected the President of Singapore Compact for CSR, which is the national CSR society and local network for the United Nations (UN) Global Compact.

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

## FOO SEE JUAN, 74
**Non-Executive and Independent Director**

Appointed a Director of CDL on 2 June 1986, Mr Foo was last re-appointed as a Director on 23 April 2014 pursuant to Section 153(6). He also sits on the Audit & Risk Committee (ARC) and the NC of CDL. Mr Foo will not be seeking re-appointment as a Director and will be retiring at the forthcoming Annual General Meeting of CDL pursuant to Section 153(6).

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

## KWEK LENG PECK, 58
**Non-Executive and Non-Independent Director**

Appointed a Director of CDL on 1 August 1987, Mr Kwek was last re-elected as a Director on 23 April 2014. He is an Executive Director of HLA and Hong Leong Investment Holdings Pte. Ltd. Mr Kwek is also the non-executive Chairman of Tasek Corporation Berhad and a non-executive Director of HLF, M&C and China Yuchai International Limited.

# BOARD OF DIRECTORS

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

### TANG SEE CHIM, 82

**Non-Executive and Independent Director**

Appointed a Director of CDL on 28 August 1995, Mr Tang was last re-appointed as a Director on 23 April 2014 pursuant to Section 153(6). He also sits on the ARC and the Remuneration Committee (RC) of CDL.

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

Mr Tang also sits on the board of Dutech Holdings Limited. In the preceding 3-year period, he was an independent Director of G.K. Goh Holdings Limited and New Toyo International Holdings Ltd until his retirement in April 2013. Mr Tang's other appointments include being the honorary legal adviser to Ren Ci Community Hospital, Singapore Hospice Council and Nanyang Girls' High School, and Trustee of Dover Park Hospice.

### YEO LIAT KOK PHILIP, 68

**Non-Executive and Independent Director**

Appointed a Director of CDL on 11 May 2009, Mr Yeo was last re-elected as a Director on 24 April 2013. He is also the Chairman of the NC and a member of the RC and CSR-CGC of CDL.

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

Mr Yeo is an independent Director of Hitachi Ltd, Baiterek National Managing Holding and Kerry Logistics Network Limited and the Chairman of Accuron Technologies Limited, Singapore Aerospace Manufacturing Private Limited, Advanced Materials Techonologies Pte Ltd, Dornier MedTech GmbH, Veredus Laboratories Pte Ltd, Ascendas Property Fund Trustee Pte. Ltd., Hexagon Development Advisors Pte. Ltd. and MTIC Holdings Pte. Ltd. In the preceding 3-year period, he was an independent non-executive Director of United Overseas Bank Limited until his retirement in April 2012.

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering), an honorary Doctorate in Engineering from the University of Toronto, Canada, an honorary Doctorate in Medicine from the Karolinska Institutet, Sweden, a Master of Science (Systems Engineering) from the University of Singapore, a Master of Business Administration from Harvard University, USA, a Doctor of Science from Imperial College, London, an honorary Doctor of Letters from National University of Singapore and an honorary Doctor of Law from Monash University of Australia. He also received the Order of the Rising Sun, Gold and Silver Star from the Government of Japan (2007) and the Distinguished Service (Star) award from the Singapore Labour Movement, National Trade Union Congress (2008).

### TAN POAY SENG, 48

**Non-Executive and Independent Director**

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

Mr Tan is the Managing Director of Magni-Tech Industries Berhad and Coronation Springs Sdn. Bhd., which is involved in niche property development.

Mr Tan holds a diploma in Hotel Management, Switzerland and has more than 20 years of experience in various business sectors which include manufacturing, housing development, marketing, retailing and healthcare services.

### ERIC CHAN SOON HEE, 61

**Non-Executive and Lead Independent Director**

Appointed a Director of CDL on 26 July 2012, Mr Chan was last re-elected as a Director on 24 April 2013. He is also the Chairman of the ARC and the RC, and a member of the NC, as well as the Lead Independent Director of CDL.

Mr Chan is a founder and the Chief Executive Officer of Thoughts Advisory Pte. Ltd. which provides consultancy services to entrepreneurs to further develop their strategic and business plans.

Mr Chan has more than 35 years of experience working in a public accounting firm environment, serving as audit partner with KPMG LLP (KPMG) from 1989 to 2001, and subsequently as partner in charge of Transaction Services at KPMG until his retirement in September 2011.

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

### TAN YEE PENG, 41

**Non-Executive and Independent Director**

Appointed a Director of CDL on 7 May 2014, Ms Tan also sits on the ARC of CDL.

Ms Tan is an Adjunct Associate Professor of the Nanyang Business School, NTU, and a Fellow of the Institute of Singapore Chartered Accountants.

Ms Tan graduated with First Class Honours degree in Accountancy from NTU and has more than 18 years of accounting and auditing experience, and previously served as an audit partner with KPMG from 2003 to 2010. As an audit and advisory partner, she was closely involved in providing accounting and advisory services to clients in both the private and public sectors. Ms Tan also acted as the Reporting Accountant and auditor for several companies listed on the Singapore Exchange.

Since her retirement as a practising accountant, Ms Tan, at the request of KPMG, served as principal advisor from 2010 to 2011 on matters related to the healthcare industry, and assisted the firm in establishing the AsPAC Healthcare network. Ms Tan has also been contributing actively to the non-profit sector, serving in various positions on the board of directors of Hwa Chong International School since 2008, including her appointment as chairman of the school's Education Fund. She is also a member of the Audit Committee (non-board position) of Jurong Health Services Pte. Ltd.

# SENIOR MANAGEMENT

**GRANT L. KELLEY**
Chief Executive Officer

**CHIA NGIANG HONG**
Group General Manager

**GOH ANN NEE**
Chief Financial Officer

**SHERMAN KWEK**
Chief Investment Officer

**KWEK EIK SHENG**
Chief Strategy Officer

**TAN SENG CHEE**
Chief Technology Officer

**ESTHER AN**
Chief Sustainability Officer

**MARK YIP**
Chief Marketing Officer

**ANTHONY CHIA**
Executive Vice President (Projects)

**DANIEL T'NG**
Executive Vice President,
Property & Facilities Management (PFM)

**ANANDA ARAWWAWELA**
Executive Vice President,
Hotel Assets Management

# SENIOR MANAGEMENT

### GRANT L. KELLEY
**Chief Executive Officer**

Mr Grant L. Kelley was appointed as CDL's Chief Executive Officer (CEO) on 17 February 2014. He has 25 years of global experience in corporate strategy, private equity and real estate investment.

Mr Kelley commenced his career in 1989 at Booz Allen & Hamilton, advising CEOs of major listed companies in the financial services, natural resources and healthcare industries. Before his CDL appointment, Mr Kelley was the Co-head of Asia Pacific for Apollo Global Management, and also led their real estate investment activities in the region.

In 2008, Mr Kelley founded Holdfast Capital Limited, an Asian-based real estate investment firm, which was acquired by Apollo in 2010. From 2004 to 2008, he was the CEO of Colony Capital Asia where he guided the strategic planning, acquisition and asset management activities of Colony in Asia.

From 2002 to 2004, he was based in New York, where he was a Principal at Colony with responsibility for the identification of US investment opportunities.

He holds a Bachelor of Laws degree from the University of Adelaide, a Master's degree in International Relations from the London School of Economics, and an M.B.A. from the Harvard Business School.

### CHIA NGIANG HONG
**Group General Manager**

Mr Chia Ngiang Hong joined CDL in 1981 and has over 35 years of experience in the real estate industry in Singapore and the region. He holds a Bachelor of Science in Estate Management (Honours) from the University of Singapore and a Masters in Business Administration with distinction from University of Hull, UK. Mr Chia is a Fellow of the Singapore Institute of Surveyors & Valuers (SISV) and the current First Vice President of Real Estate Developers' Association of Singapore (REDAS).

A much-respected contributor to the real estate industry of Singapore, Mr Chia is currently the First Vice President of the Singapore Green Building Council (SGBC) and also sits on the Advisory Panel in the Building and Construction Authority (BCA) Academy. He chairs the Consultative Committee to the Department of Real Estate at National University of Singapore (NUS). He is a Board Member of the Institute of Real Estate Studies, NUS and serves as a member of the NUS SDE School Advisory Committee. He is a Certified Property Manager with the Institute of Real Estate Management (USA).

### GOH ANN NEE
**Chief Financial Officer**

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

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

### SHERMAN KWEK
**Chief Investment Officer**

Mr Sherman Kwek was appointed as CDL's Chief Investment Officer on 14 April 2014 to focus on growing the Group's overseas investment portfolio. He is also concurrently the CEO of CDL China Limited, a wholly-owned subsidiary of CDL, where he has been spearheading the expansion since August 2010, and has helped the Group to obtain prime sites in Shanghai, Suzhou and Chongqing.

Prior to this, Mr Kwek has taken on various executive management roles in companies both within the Hong Leong Group and in multinational corporations. He has over 15 years of international experience in the areas of investments, mergers and acquisitions, real estate and hospitality, and has worked in New York, Hong Kong, Shanghai and Singapore.

He graduated from Boston University with a Bachelor of Science in Business Administration, majoring in Finance and Marketing with a minor in Psychology. He has been serving as a Council Member of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) since March 2013.

### KWEK EIK SHENG
**Chief Strategy Officer**

Mr Kwek Eik Sheng joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. He assumed his current role as Chief Strategy Officer on 14 April 2014. Prior to that, he was with the Hong Leong Group of companies in Singapore specialising in corporate finance roles since 2006. He was appointed to the Board of Millennium & Copthorne Hotels plc in 2011 and holds the position of Non-Executive Director.

He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a MPhil in Finance from Judge Business School, Cambridge University.

### TAN SENG CHEE CITPM (SENIOR)
**Chief Technology Officer**

Mr Tan Seng Chee was appointed as CDL's Chief Information Officer in 2000 and re-designated as Chief Technology Officer in 2014. Trained as an engineer, he has more than 30 years of experience in the IT industry, working with many diverse applications and systems in both in-house IT departments and IT vendor environment. He graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) and a Master of Science (Industrial Engineering), and has a post graduate diploma in Computer Science from the British Computer Society. He has also served on the editorial advisory board of the MIS Asia magazine and the Raffles Institution IT advisory committee.

### ESTHER AN
**Chief Sustainability Officer**

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

### MARK YIP
**Chief Marketing Officer**

Mr Mark Yip was appointed as CDL's Chief Marketing Officer on 9 June 2014. He has a wealth of experience in management, sales, marketing and operations from a diverse range of industries including property, retail sports and fashion, transport, and supply chain and logistics. Before joining CDL, he was with Far East Organization as Deputy Director, focusing on planning and operations. Other senior management positions he has held include CEO of Royal Sporting House, Malaysia and Director of PUMA, Executive Director of CircleFreight, Brunei/Eagle Global Logistics Corporation and General Manager of ComfortDelGro Bus. Mr Yip holds a Bachelor and Master's of Business and was recipient of the Logistics Management Group Prize from RMIT in Melbourne. He has also completed the Senior Executive Programme at London Business School.

### ANTHONY CHIA
**Executive Vice President (Projects)**

Mr Anthony Chia has been directing the Department on all projects and was instrumental in key developments such as South Beach, W Singapore – Sentosa Cove, Quayside Isle and the Pasir Ris masterplan. Graduating from Harvard, he has extensive experience in planning, architecture and construction, in both the public and private sectors, having previously headed departments in the Urban Redevelopment Authority (URA) and the Housing and Development Board. He is active in various URA and BCA panels and is a former member of the Board of Architects Singapore. He has been awarded the Public Service Administration medal and the Ministry of National Development Medallion for his contributions. Following his service with the Singapore government, he relocated to Hong Kong, completing several large commercial and residential projects before returning home.

### DANIEL T'NG
**Executive Vice President, Property & Facilities Management (PFM)**

Mr Daniel T'ng joined CDL in 2012 to head the PFM Division. He holds a Bachelor of Science degree in Estate Management (Honours) from Heriot-Watt University and two Master's Degrees, one in Business Administration from the University of Adelaide (Australia) and the other in Project Management from the National University of Singapore. He has over 30 years of experience in the property and facilities management industry in Singapore and the region. He also has extensive experience in managing strata-titled developments, lease management, project consultancy and general management as well as business development.

### ANANDA ARAWWAWELA
**Executive Vice President, Hotel Assets Management**

Mr Ananda Arawwawela has a wealth of experience in hotel management spanning over 36 years in Singapore, Hong Kong, Fiji, China and the Middle East. Prior to joining CDL in 2013, he was the Managing Director of The St. Regis Singapore and Area Managing Director for Singapore, responsible for Starwood Hotels and Resorts' operations in Singapore. Other senior regional positions in the hospitality industry he has held include Managing Director of Sheraton Hong Kong Hotel and Towers and Area Managing Director of Starwood Hotels and Resorts Hong Kong and Macau. Mr Arawwawela has also served as Chairman of the Hong Kong Hotels Association and Board Member of the Hong Kong Tourism Board.

## HEADS OF DEPARTMENT

Administration
Cindy Tan

Branding & Strategic Marketing
Mark Fong

Business Development & Investment
Sim Boon Hwee

Corporate Communications
Belinda Lee

Corporate Secretarial Services
Catherine Loh

Customer Service
Foo Chui Mui

Group Accounts (Group Reporting & Consolidation)
Ong Siew Toh

Group Accounts (Subsidiaries & Joint Ventures)
Yiong Yim Ming

Human Resource
Tan Ying

Internal Audit
Jennifer Vayding

Leasing
Corinne Yap

Legal
Sharifah Shakila Shah

Marketing & Sales
Lee Mei Ling

PFM (Development Property)
Tay Cheow Chuan

PFM (Investment Property)
Anthony Goh
Ginna Lee

Projects (Operations)
Kelly Tan

Innovation & Green Building, Projects
Allen Ang

Treasury
Lim Whee Kong

# CORPORATE NETWORK

(91 locations in 25 countries) as at 28 February 2015


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

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

CDL holds an impressive track record of having developed over 36,000 luxurious and quality homes across diverse market segments. As one of Singapore's biggest landlords, it owns close to 7.2 million square feet of floor/lettable area of office, industrial, retail, residential and hotel space locally and globally. Amongst private developers in Singapore, the Group possesses one of the largest land banks, with more than 2.7 million square feet, which can be potentially developed into over 7.6 million square feet of gross floor area.

The Group's global presence is led by its diversification into hospitality management and the acquisition of hotel assets through CDL's London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C). As one of the world's largest global hospitality management and real estate group, M&C owns, asset manages and/or operates 120 hotels globally. The Group was also the first to establish a hospitality trust in 2006. CDL Hospitality Trusts currently owns hotels in Singapore, Australia, New Zealand, Japan and the Maldives.

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

# CORPORATE STRUCTURE

As at 28 February 2015

**HONG LEONG GROUP SINGAPORE**

**CITY DEVELOPMENTS LIMITED***

183 Subsidiary Companies | 32 Associated Companies | 5 Limited Liability Corporations

**53%** City e-Solutions Limited*

22 Subsidiary Companies | 15 Associated Companies

**61%** Millennium & Copthorne Hotels plc*

## ASIA

Republic Hotels & Resorts Limited (100%)

24 Subsidiary Companies

1 Associated Company

Grand Plaza Hotel Corporation* (66%)#

1 Associated Company

30 Subsidiary Companies

12 Associated Companies

CDL Hospitality Trusts* (36%)

25 Subsidiary Companies

5 Trusts

## NEW ZEALAND/ AUSTRALIA

1 Subsidiary Company

CDL Hotels Holdings New Zealand Limited (100%)

1 Subsidiary Company

Millennium & Copthorne Hotels New Zealand Limited* (75%)

## EUROPE AND MIDDLE EAST

39 Subsidiary Companies

1 General Partnership

## NORTH AMERICA

34 Subsidiary Companies

18 Limited Liability Corporations

13 Limited Partnerships

2 General Partnerships

---

KIN Holdings Limited (100%)

Kingsgate International Corporation Limited (100%)

8 Subsidiary Companies

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CDL Investments New Zealand Limited* (67%)

1 Subsidiary Company

---

10 Subsidiary Companies

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First Sponsor Group Limited* (36%)

30 Subsidiary Companies

Notes:

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

* *Listed Companies/Trust.*

# CALENDAR OF FINANCIAL EVENTS

## FINANCIAL YEAR ENDED 31 DECEMBER 2014

| Date | Event |
|---|---|
| | **Announcement of Results:** |
| 14 May 2014 | Announcement of First Quarter Results |
| 14 August 2014 | Announcement of Second Quarter and Half Year Results |
| 12 November 2014 | Announcement of Third Quarter and Nine-Month Results |
| 16 February 2015 | Announcement of Fourth Quarter and Full Year Results |
| | **Books Closure and Dividend Payment Dates:** |
| 12 June 2014 | Books closure date for Preference Dividend^ |
| 30 June 2014 | Payment of Preference Dividend^ |
| 26 August 2014 | Books closure date for Special Interim Ordinary Dividend |
| 10 September 2014 | Payment of Special Interim Ordinary Dividend |
| 12 December 2014 | Books closure date for Preference Dividend^ |
| 31 December 2014 | Payment of Preference Dividend^ |
| 6 May 2015 | Books closure date for proposed 2014 Final and Special Final Dividends* |
| 20 May 2015 | Proposed payment of 2014 Final and Special Final Dividends* |
| | **Shareholders' Meeting:** |
| 22 April 2015 | 52nd Annual General Meeting |

*Notes:*
^ *The Preference Dividend is paid semi-annually in arrears.*
* *The declaration and payment of the 2014 Final and Special Final Dividends is subject to approval of shareholders at the 52nd Annual General Meeting.*

## FINANCIAL YEAR ENDING 31 DECEMBER 2015

| Date | Event |
|---|---|
| | **Announcement of Results:** |
| May 2015 | Proposed Announcement of First Quarter Results |
| August 2015 | Proposed Announcement of Second Quarter and Half Year Results |
| November 2015 | Proposed Announcement of Third Quarter and Nine-Month Results |
| February 2016 | Proposed Announcement of Fourth Quarter and Full Year Results |
| | **Shareholders' Meeting:** |
| April 2016 | 53rd Annual General Meeting |

# CORPORATE DIRECTORY



## BOARD OF DIRECTORS

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

**Lead Independent Director**
Chan Soon Hee Eric

**Non-Executive Directors**
Foo See Juan, Independent
Kwek Leng Peck
Tang See Chim, Independent
Yeo Liat Kok Philip, Independent
Tan Poay Seng, Independent
Tan Yee Peng, Independent

## BOARD COMMITTEE

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

## AUDIT & RISK COMMITTEE

Chan Soon Hee Eric, Chairman
Foo See Juan
Tang See Chim
Tan Yee Peng

## NOMINATING COMMITTEE

Yeo Liat Kok Philip, Chairman
Kwek Leng Beng
Foo See Juan
Chan Soon Hee Eric

## REMUNERATION COMMITTEE

Chan Soon Hee Eric, Chairman
Tang See Chim
Yeo Liat Kok Philip

## CORPORATE SOCIAL RESPONSIBILITY & CORPORATE GOVERNANCE COMMITTEE

Kwek Leng Joo, Chairman
Yeo Liat Kok Philip
Tan Poay Seng

## SECRETARIES

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

## REGISTRARS AND TRANSFER OFFICE

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

## REGISTERED OFFICE

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

## INVESTOR RELATIONS

Primary IR Contact
Belinda Lee, Vice President
Head, Corporate Communications
Email: belindalee@cdl.com.sg

## AUDITORS

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

## PRINCIPAL BANKERS

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

# CORPORATE GOVERNANCE

***Note:***
*The questions listed out in this column are extracted from the Singapore Exchange Limited's Disclosure Guide on Compliance with the Code of Corporate Governance 2012. The response to each question is set out in bold after the question.*

***General***

(a) *Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.*
***The Company has complied with most of the principles and guidelines of the Code. Where there are differences in the Company's practices, these are set out within this report.***

(b) *In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?*
***The reasons for the differences in practices are also set out within the report.***

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

To demonstrate its commitment to uphold the highest standards of corporate governance, CDL had joined the Securities Investors Association Singapore ("SIAS") and its partners since 2010 in making the following public Statement of Support, which was reiterated at the 5th Singapore Corporate Governance Week 2014 (organised by the SIAS) in October 2014:

"As an Organisation, we are committed to upholding high standards of corporate governance to enhance shareholder value. We believe practising good corporate governance is central to the health and stability of our financial markets and economy."

This report sets out CDL's corporate governance practices with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("2012 Code"). Where the Company's practices differ from the recommendations under the 2012 Code, the Company's position in respect of the same is also set out in this report.

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

#### The Primary Functions of the Board

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

#### Independent Judgement

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

#### Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Board Committee ("BC"), the Audit & Risk Committee ("ARC"), the NC, the Remuneration Committee ("RC") and the Corporate Social Responsibility & Corporate Governance Committee ("CSR-CGC"), all collectively referred to hereafter as the "Committees".

Clear written terms of reference for the Committees set out the authority and duties of the Committees. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. The composition of each Committee can be found under the 'Corporate Directory' section in this Annual Report 2014 ("AR").

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

### Board Processes

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

The attendance of the Directors at meetings of the Board and the Committees, as well as the frequency of such meetings during 2014, is disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or the Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

## DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2014

| | Board | ARC | NC | RC | CSR-CGC |
|---|---|---|---|---|---|
| Number of meetings held in 2014 | 6 | 6 | 3 | 3 | 1 |
| Name of Directors | Number of meetings attended in 2014 | | | | |
| Kwek Leng Beng | 6 | N.A. | 3 | N.A. | N.A. |
| Kwek Leng Joo | 6 | N.A. | N.A. | N.A. | 1 |
| Chee Keng Soon(1) | 2 | 2 | 2 | 2 | N.A. |
| Foo See Juan | 6 | 6 | 3 | N.A. | N.A. |
| Kwek Leng Peck | 5 | N.A. | N.A. | N.A. | N.A. |
| Tang See Chim | 5 | 6 | N.A. | 3 | N.A. |
| Yeo Liat Kok Philip | 3 | N.A. | 1(3) | 3 | 1 |
| Tan Poay Seng | 3 | N.A. | N.A. | N.A. | 1 |
| Chan Soon Hee Eric | 6 | 6 | N.A.(4) | 1(4) | N.A. |
| Tan Yee Peng(2) | 4 | 4 | N.A. | N.A. | N.A. |

*Notes:*

(1) *Mr Chee Keng Soon retired from the Board following the conclusion of the annual general meeting held on 23 April 2014.*

(2) *Ms Tan Yee Peng was appointed a Director and a member of the ARC on 7 May 2014.*

(3) *Mr Yeo Liat Kok Philip was appointed a member of the NC on 7 May 2014.*

(4) *Mr Chan Soon Hee Eric was appointed a member of the RC on 7 May 2014 and a member of the NC on 9 December 2014.*

***Guideline 1.5***

*What are the types of material transactions which require approval from the Board?*
***Please refer to the section under the header "Board Approval".***

## Board Approval

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

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

***Guideline 1.6***

(a) *Are new directors given formal training?*
*If not, please explain why.*
***Yes. Please refer to the section under the header "Board Orientation and Training".***

(b) *What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?*
***The types of information and training provided are set out in the section under the header "Board Orientation and Training".***

## Board Orientation and Training

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

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

Ms Tan Yee Peng, who was appointed to the Board in May 2014, was given detailed briefings by the Senior Management, primarily the Chief Executive Officer ("CEO"), Group General Manager ("GGM") and Chief Financial Officer ("CFO") in respect of the Group's business and operations. The Company Secretary briefed Ms Tan separately on the Company's internal corporate governance practices, and the directors' duties and responsibilities pursuant to relevant legislations. In addition, Ms Tan, who was also appointed to the ARC, was similarly briefed by the CFO and the Head of Internal Audit on internal controls and risk management as well as financial matters of the Group. During the year, other new appointments included the appointment of Mr Chan Soon Hee Eric as the Lead ID, chairman of RC and a member of the NC, and the appointment of Mr Yeo Liat Kok Philip as chairman of NC. Both Mr Chan and Mr Yeo were provided the respective terms of reference setting out the scope and responsibilities of the Lead ID, RC and NC.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be encouraged to also attend the Listed Company Director ("LCD") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire relevant knowledge of what is expected of a listed company director. Completion of the LCD Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST and the 2012 Code. The Company Secretary will co-ordinate with such Director to endeavour to complete the LCD Programme within one year from his or her date of appointment subject to SID's training schedule and the Director's availability.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars such as those conducted by the SID, and the Directors are encouraged to attend such training at the Company's expense. Three in-house seminars were conducted by invited speakers in 2014, on topics relating to taxation, the role of business in addressing environmental, social and governance challenges, integrated reporting, and the key highlights on the Guidebook for Audit Committees in Singapore (Second Edition). In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Company's operations.

***Guideline 2.1***

*Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.*
***Yes. Please refer to the section under the header "Board Independence".***

***Guideline 2.3***

(a) *Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.*
***Yes. Please refer to the third paragraph in the section under the header "Board Independence".***
(b) *What are the Board's reasons for considering him independent? Please provide a detailed explanation.*
***Please refer to the third paragraph in the section under the header "Board Independence".***

**Principle 2: Board Composition and Guidance**

Board Independence

The Board currently comprises nine members. All members of the Board, except for the Chairman and the Deputy Chairman, are NEDs. Of the seven NEDs, the NC has recommended and the Board has determined six of them, being more than half of the Board, to be independent, thus providing for a strong and independent element on the Board capable of exercising objective judgement on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. For purposes of determination of independence, the NEDs who are not related to the substantial shareholders of the Company also provided declarations regarding their independences ("6 NEDs").

When reviewing the independence of the 6 NEDs, the NC has considered their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct/indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company. The 6 NEDs are Mr Foo See Juan, Mr Tang See Chim, Mr Yeo Liat Kok Philip, Mr Tan Poay Seng, Mr Chan Soon Hee Eric and Ms Tan Yee Peng.

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

In determining the independence of Mr Foo See Juan and Mr Tang See Chim, who have served on the Board for more than nine years, the NC and the Board have given due consideration to the recommendation under Guideline 2.4 of the 2012 Code that the independence of any director who has served on the Board beyond nine years be subject to particularly rigorous review. Having reviewed the NC's recommendation, the Board has determined that these Directors are independent notwithstanding they have served on the Board beyond nine years as they have continued to demonstrate strong independence in character and judgement in the discharge of their responsibilities as a Director of the Company. They had also avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which they had a direct/indirect interest, and were able to maintain objectivity in their conduct as Directors of the Company. They have objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on Board or on the Committees. The Company has also benefited from their years of experience in their respective fields of expertise.

***Guideline 2.4***

*Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.*
***Yes. The Directors are identified in paragraph 4 of the section under the header "Board Independence", together with the Board's reasons for considering them independent.***

***Guideline 2.6***

(a) *What is the Board's policy with regard to diversity in identifying director nominees?*
***Please refer to the section under the header "Board Composition and Size".***
(b) *Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.*
***Please refer to the section under the header "Board Composition and Size".***
(c) *What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?*
***Please refer to the section under the header "Board Composition and Size".***

### Board Composition and Size

The NC reviews the size and composition mix of the Board and the Committees annually. The Board comprises business leaders and professionals with real estate, hospitality, financial (including audit and accounting), legal and business management backgrounds. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the Directors' background, experience and skills can be found on the "Board of Directors" section in the AR.

In support of gender diversity on the board, the NC recommended and the Board approved the appointment of its first female Director, Ms Tan Yee Peng in 2014. Ms Tan's extensive accounting and auditing experience further complements and strengthens the core competencies of the Board.

In consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and allow for effective decision making at the Board and Committees respectively.

### NEDs' Participation

NEDs are encouraged to participate actively at Board meetings in the development of the Company's strategic plans and direction, and in the review and monitoring of Management's performance against targets. To facilitate this, they are kept informed of the Company's businesses and performance through monthly and quarterly reports from the Management, and have unrestricted access to the Management. They also sit on various Committees established by the Board to provide constructive input and the necessary review and monitoring of performance of the Company and Management. A meeting of the NED chaired by the Lead ID was held in 2014 without the presence of Management.

**Principle 3: Chairman and Chief Executive Officer**

Role of Chairman and the Chief Executive Officer

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

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

Assisting the Executive Chairman and the Deputy Chairman is the Chief Executive Officer, Mr Grant L. Kelley, who was appointed in 2014. Mr Kelley has executive responsibilities for the business direction, overall development and management of the Group's businesses, as well as the implementation of the business strategies and decisions of the Board in the operations of the Group. He is not related to the Chairman or the Deputy Chairman.

Lead Independent Director

Taking cognizance that the Board Chairman is an Executive Director and thus not independent, the Board has appointed Mr Chan Soon Hee Eric, in place of Mr Chee Keng Soon who retired in 2014, as Lead ID to serve as a sounding board for the Board Chairman and also as an intermediary between the NEDs and the Board Chairman. The role of the Lead ID is set out under the written terms of reference for the Lead ID, which has been approved by the Board. Under the chairmanship of the Lead ID, a meeting of the independent NEDs was convened in February 2015 without the presence of Management or the Board Chairman.

The Board considered Mr Kwek Leng Beng's role as the Executive Board Chairman, and, the strengths he brings to such a role by virtue of his stature and experience. Through the establishment of various Committees with power and authority to perform key functions beyond the authority of, or without the undue influence from, the Chairman or the Deputy Chairman, and the putting in place of internal controls to allow effective oversight by the Board of the Company's business, the Board is of the view that these enable the Board to exercise objective decision making in the interests of the Company. The Board is of the view that Mr Kwek Leng Beng's role as Executive Board Chairman would continue to facilitate the Group's decision making and implementation process.

**Principle 4: Board Membership**

NC Composition and Role

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

The NC's responsibilities as set out in its written terms of reference approved by the Board, is to review all Board and Committee composition and membership, determine Director's independence, evaluate performance of the Board as a whole, its Committees and the individual Directors, review appointments and resignations of Senior Management which includes the

Executive Chairman, the Deputy Chairman, the CEO, the GGM, the CFO and other relevant senior management staff and review Directors' training and continuous professional development programme. The Company Secretary maintains records of all NC meetings including records of discussions on key deliberations and decisions taken.

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

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

***Guideline 4.6***

*Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.*
***Please refer to the sections under the headers "Re-nomination of Directors" and "Criteria and Process for Nomination and Selection of New Directors".***

## Re-nomination of Directors

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

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

Excluding the Directors above 70 years of age who are subject to annual re-nomination, namely Mr Kwek Leng Beng, Mr Foo See Juan and Mr Tang See Chim, the remaining Directors of the Company will retire about once in every two to three years. Mr Foo See Juan who will be retiring under Section 153(6) of the Companies Act, Chapter 50, has informed that he will not be seeking re-appointment at the forthcoming AGM ("2015 AGM").

In accordance with the Articles of Association of the Company, Mr Yeo Liat Kok Philip and Mr Tan Poay Seng are due to retire by rotation at the 2015 AGM and have offered themselves for re-election at the 2015 AGM. Ms Tan Yee Peng, being a Director appointed by the Board in 2014, will also retire and has offered herself for re-election at the 2015 AGM.

## Criteria and Process for Nomination and Selection of New Directors

The NC interviews shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Committees.

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

***Guideline 4.4***

*(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?*
***There is no maximum number prescribed.***

*(b) If a maximum number has not been determined, what are the reasons?*
***Please refer to the explanation in the section under the header "Directors' Time Commitments".***

*(c) What are the specific considerations in considering the capacity of Directors?*
***Please refer to the explanation in the section under the header "Directors' Time Commitments".***

### Directors' Time Commitments

When considering the nomination of Directors for appointment or re-election/re-appointment, the NC also takes into account the competing time commitments faced by Directors with multiple board representations and/or other principal commitments. An analysis of the directorships (which includes directorships by groups and executive appointments) held by the Directors is reviewed annually by the NC. Each Director is also required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the analysis, the Directors' annual confirmation and the Directors' commitments and contributions to the Company which is also evident in their level of attendance and participation at Board and Committee meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as a Director of the Company.

It is recommended under the 2012 Code that the Board consider providing guidance on the maximum number of listed company representations which each Director of the Company may hold in order to address competing time commitments faced by Directors serving on multiple boards. Having considered this issue, the NC does not recommend setting a maximum number of listed company board representations that a Director may hold. The Company considers an assessment of the individual Directors' participation as described above to be more effective for the Company than prescribing a numerical limit on the number of listed company directorships that a Director may hold. It would not wish to omit from consideration suitable individuals who, despite the demands of their time, have the capacity to participate and contribute as members of the Board. In addition to the current review procedures of the attendance records and analysis of directorships, a policy has also been put in place for Directors to consult the Chairman of the Board or the chairman of the NC with regard to accepting any new appointments as directors on listed companies or other principal commitments and notifying the Board of any changes in their external appointments.

### Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the Directors, and the Notice of AGM for Directors proposed for re-election and re-appointment at the 2015 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

### Succession Planning for the Board and Executive Chairman

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

### Board Development

The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which together with details of the internal briefing and updates provided to the Directors in 2014 are set out in the paragraph above under the subject heading "Board Orientation and Training".

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

***Guideline 5.1***

*(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?*
***Please refer to the sections under the headers "Board Evaluation Process", "Board Evaluation Criteria" and "Individual Director Evaluation Criteria".***

*(b) Has the Board met its performance objectives?*
***The NC's evaluation of the Board's performance was discussed and considered by the Board, and recommendations to strengthen the effectiveness of the Board and the Committees were accepted by the Board.***

**Principle 5: Board Performance**

### Board Evaluation Process

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Committees and the contribution by each Director to the effectiveness of the Board and the Committees. No external facilitator has been used. The NC assesses the Board's performance as a whole annually, using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NC, including its recommendation, if any, for improvements, are presented to the Board.

The NC also undertook an evaluation of the performance of the Committees, specifically the ARC and the RC with the assistance of self-assessment checklists completed by these Committees.

The annual evaluation process for the individual Director's performance comprises three parts: (a) background information concerning the Director including his attendance records at Board and Committee meetings; (b) questionnaire for completion by each individual Board member; and (c) NC's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the NC and approved by the Board. The completed questionnaires are then reviewed by the NC before the NC completes its evaluation of the individual Directors.

When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

The results of the individual evaluation of the Directors are also used by the NC, in its consultation with the Chairman of the Board (who is also a member of the NC), to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

### Board Evaluation Criteria

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

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

### Individual Director Evaluation Criteria

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

***Guideline 6.1***

*What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?*
***Please refer to the section under the header "Complete, Adequate and Timely Information and Access to Management", and the section under Principle 10 under the header "Accountability of the Board and Management".***

**Principle 6: Access to Information**

### Complete, Adequate and Timely Information and Access to Management

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

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

### Company Secretary

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

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

### Independent Professional Advice

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

## REMUNERATION MATTERS

**Principle 7: Procedures for Developing Remuneration Policies**

### RC Composition and Role

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

The Company has in place a remuneration framework for the Directors and the KMP. The Company currently identified the executive Directors and the CEO and the GGM who are the most senior members of the Management team outside the Board as its KMPs. On an annual basis, the RC reviews the annual increments, year-end and variable bonuses to be granted to the KMPs. No remuneration consultants from outside the Hong Leong Group were appointed.

The Company Secretary maintains records of all RC meetings including records of discussions on key deliberations and decisions taken. Three meetings of the RC were convened during 2014. For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("RC Self-Assessment Checklist").

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

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

***Guideline 9.6***

(a) *Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.*
***Please refer to the sections under the headers "Remuneration of Directors and KMP" and "Disclosure of Remuneration".***

(b) *What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?*
***Please refer to the sections under the headers "Remuneration of Directors and KMP" and "Disclosure of Remuneration". Remuneration components are determined by the individual's performance, the performance of the Group and industry practices.***

(c) *Were all of these performance conditions met? If not, what were the reasons?*
***The variable components of the remuneration for the executive Directors and the KMP were awarded for FY 2014 pursuant to the RC's review of the individual's performance, the Company's overall performance and industry practices.***

**Principle 8: Level and Mix of Remuneration**

Remuneration of Directors and KMP

In reviewing the remuneration packages of the KMP, the RC, with the assistance of the human resource advisers or consultants within the Hong Leong Group, considers the level of remuneration based on the Company's remuneration policy which comprises the following distinct objectives:

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

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

When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' respective roles and responsibilities on the Board and Committees and the changes in the business, corporate governance practices and regulatory rules. The RC also compared the Company's fee structure against industry practices. Other factors taken into consideration in the fee review include the frequency of Board and Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year, and the interval since the last fee review and changes.

No Director is involved in deciding his own remuneration.

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

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

The structure of the fees paid or payable to Directors of the Company for FY 2014 is as follows:

| Appointment | Per annum |
|---|---|
| Board of Directors | |
| – Base fee | $60,000 |
| Audit & Risk Committee | |
| – ARC Chairman's fee | $70,000 |
| – ARC Member's fee | $55,000 |
| Nominating Committee | |
| – NC Chairman's fee | $18,000 |
| – NC Member's fee | $12,000 |
| Remuneration Committee | |
| – RC Chairman's fee | $18,000 |
| – RC Member's fee | $12,000 |
| Corporate Social Responsibility & Corporate Governance Committee | |
| – CSR-CGC Chairman's fee | $6,000 |
| – CSR-CGC Member's fee | $4,000 |
| Lead Independent Director's fee | $10,000 |

***Guideline 9.2***

*Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?*
***Yes. Please refer to the section under the header "Disclosure of Remuneration".***

**Principle 9: Disclosure of Remuneration**

Disclosure of Remuneration

The compensation packages for employees including the Executive Chairman, the Deputy Chairman, CEO and the GGM comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (which includes year-end and variable bonuses, and benefits-in-kind, where applicable), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

Each of the Directors receives a base Director's fee. The Lead ID also receives an additional fee to reflect his expanded responsibility. Directors who serve on the various Committees (other than the BC) also receive additional fees in respect of each Committee that they serve on, with the chairmen of the Committees (other than the BC) receiving a higher fee in respect of their service as chairman of the respective Committees.

Directors' and CEO's remuneration for FY 2014 is set out below:

### DIRECTORS' AND CEO'S REMUNERATION FOR FY 2014

| | Base Salary* % | Variable Bonuses/ Allowances* % | Board/ Committee Fees** % | Other Benefits % | Total $'000 |
|---|---|---|---|---|---|
| **EXECUTIVE DIRECTORS** | | | | | |
| Kwek Leng Beng^ | 14 | 78 | 7 | 1 | 9,212 |
| Kwek Leng Joo^ | 18 | 80 | 1 | 1 | 6,722 |
| **NON-EXECUTIVE DIRECTORS** | | | | | |
| Foo See Juan^ | – | – | 100.00 | – | 129 |
| Kwek Leng Peck^ | – | – | 100.00 | – | 181 |
| Tang See Chim | – | – | 100.00 | – | 127 |
| Yeo Liat Kok Philip | – | – | 100.00 | – | 88 |
| Tan Poay Seng | – | – | 100.00 | – | 64 |
| Chan Soon Hee Eric | – | – | 100.00 | – | 144 |
| Tan Yee Peng(1) | – | – | 100.00 | – | 75 |
| Chee Keng Soon(2) | – | – | 100.00 | – | 55 |
| **CHIEF EXECUTIVE OFFICER** | | | | | |
| Grant Lewis Kelley | 18 | 78 | – | 4 | 2,612 |

*Notes:*

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

** *These fees comprise Board and Committee fees for FY 2014, which are subject to approval by shareholders as a lump sum at the 2015 AGM as well as ARC fees for FY 2014 that have already been approved by shareholders at the 2014 AGM.*

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

(1) *Ms Tan Yee Peng was appointed a Director of the Company with effect from 7 May 2014 and Board and Committee fees payable to her are pro-rated for FY 2014 accordingly.*

(2) *Mr Chee Keng Soon retired as a Director of the Company on 23 April 2014.*

**_Guideline 9.3_**

(a) *Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?*
***No. Please refer to the section under the header "Remuneration of Key Management Personnel" for the Company's reasons for non-disclosure of KMP's remuneration.***

(b) *Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).*
***Please refer to the section under the header "Remuneration of Key Management Personnel" for the Company's reasons for non-disclosure of KMP's remuneration.***

## Remuneration of Key Management Personnel (KMP)

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

**_Guideline 9.4_**

*Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year?*
*If so, please identify the employee and specify the relationship with the relevant director or the CEO.*
***Yes. Please refer to the section under the header "Remuneration of Directors' Immediate Family Members for FY 2014".***

## Remuneration of Directors' Immediate Family Members for FY 2014

Other than the following disclosure, there are no other employees of the Company who are immediate family members of a Director or the CEO, and whose remuneration exceeds $50,000 during the year. The annual remuneration of Mr Sherman Kwek Eik Tse, son of the Executive Chairman, and Mr Kwek Eik Sheng, son of the Deputy Chairman, for FY 2014 are set out as follows:

| (disclosed in bands of $50,000) | Base Salary* % | Variable Bonuses/ Allowances* % | Board/ Committee Fees^^ % | Other Benefits % | Total % |
|---|---|---|---|---|---|
| Above $550,000 and up to $600,000 | | | | | |
| Sherman Kwek Eik Tse^ | 43 | 57 | 0 | 0 | 100 |
| Kwek Eik Sheng^ | 37 | 47 | 0 | 16 | 100 |

*Notes:*

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

^ *These comprise remuneration paid or payable by the Company and its subsidiaries but exclude remuneration and Board fees paid or payable by the listed subsidiaries of the Company as these are disclosed in the respective annual reports of the listed subsidiaries.*

## ACCOUNTABILITY AND AUDIT

**Principle 10: Accountability**

Accountability of the Board and Management

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

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

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

***Guideline 11.3***

*(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.* ***Please refer to the section under the header "Risk Management and Internal Controls".***

*(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?* ***Please refer to the sections under the headers "Accountability of the Board and Management" and "Risk Management and Internal Controls".***

**Principle 11: Risk Management and Internal Controls**

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls, including financial, operational, compliance and IT controls, and risk management policies and systems. The boards of the Group's separately listed subsidiaries are responsible for the oversight of their respective groups' internal controls and risk management systems and the Directors rely on the Company's nominees to the boards of these listed subsidiaries to provide oversight together with the other board members of these listed subsidiaries on the adoption and implementation of appropriate corporate governance practices, internal controls and risk management systems.

The ARC assists the Board in providing oversight of risk management in the Company. It is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and IT controls and reporting to the Board annually its observations on any matters under its purview including any risk management, internal controls or financial and management matters as it considers necessary and makes recommendations to the Board as it thinks fit.

The Company has in place an Enterprise Risk Management Framework. The implementation and maintenance of the Company's risk management framework is undertaken by the Risk Management Committee ("RMC"), comprising the senior management team, which in turn reports to the ARC on a quarterly basis on strategic business risks as well as provides updates on the risk management activities of the Company's property investment, development and management businesses and the Enterprise Risk Management implementation progress in the Company. Significant strategic risks identified are assessed, managed and monitored adequately within the Company's risk management framework. These strategic risks are also being reviewed and refreshed to ensure relevant emerging risks are being considered and included for proper assessment, monitoring and reporting as appropriate.

Having regard to the risks which the business is exposed, the likelihood of such risks occurring and the risk tolerance accepted by the Company, the internal controls structure of the Group has been designed and put in place by the Group's business units to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision making, losses, fraud or other irregularities.

The Company's approach to risk management is set out in the "Risk Management" section on pages 56 to 58 of the AR. As part of the internal and external audit program, the internal and external auditors report to the ARC any audit findings relating to internal controls, and the ARC reviews the adequacy of the actions taken by Management to address the recommendations of the internal and external auditors.

The ARC reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and IT risks, with the assistance of the internal and external auditors and the Management. Assurance was received from the Management that the financial records and the financial statements of the Group, as well as on the effectiveness and adequacy of the risk management and internal controls systems.

Based on the work performed by Internal Auditors during the financial year, as well as the statutory audit by the external auditors, and the written assurance from Management, the Board, with the concurrence of the ARC, is of the opinion that the system of internal controls to address the financial, operational, compliance and IT risks within the current scope of the Group's business operations, are adequate and effective as at 31 December 2014.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

**Principle 12: Audit & Risk Committee**

Composition of the ARC

The ARC comprises four NEDs, all of whom including the chairman of the ARC are independent. The chairman of the ARC and at least one other member of the ARC possess the relevant audit, accounting or related financial management expertise and experience, whilst the remaining members of the ARC have legal backgrounds.

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

Powers and Duties of the ARC

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

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

- to review with Management and, where appropriate, with the external auditors the quarterly and full year financial statements to be issued by the Group before their submission to the Board to ensure their completeness, consistency and fairness;
- to review the integrity of the financial statements of the Company to be announced or reported and any other formal announcements relating to the Company's financial performance;
- to review and approve the annual audit plans of the external and internal auditors;

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

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

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

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

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

***Guideline 12.6***

*(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.*
***Please refer to note 28 of the Notes to the Financial Statements.***

*(b) If the external auditors have supplied a substantial amount of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.*
***Please refer to the section under the header "External Auditors".***

### External Auditors

Taking cognizance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the ARC undertook a review of the independence of KPMG LLP ("KPMG") and gave careful consideration to the Group's relationships with them during 2014. In determining the independence of KPMG, the ARC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and KPMG relating to audit independence. The ARC also considered the nature and volume of the provision of the non-audit services in 2014 and the corresponding fees and noted that the fees for non-audit services had exceeded 50% of the aggregate amount of all fees paid/payable to KPMG in 2014. The significant increase in the non-audit fees arose primarily from the advisory services provided in connection with the Group's new investment platform involving profit participation securities (PPS). The ARC noted that these were not prohibited services and do not pose a threat to the external auditors' independence, and safeguards had been put in place by KPMG to ensure that the independence of the audit team is not impaired. The ARC is thus of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2014, please refer to note 28 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2015, the ARC had considered the adequacy of the resources, experience and competence of KPMG. Consideration was also given to the experience of the engagement partner and key team members in handling the audit of multi-listed entities under different jurisdictions and in the real estate and hospitality segments. The size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into account. The ARC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed time-lines.

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

On the basis of the above, the ARC has recommended to the Board the nomination of KPMG for re-appointment as external auditors at the 2015 AGM.

### Interested Person Transactions

On 29 May 2003, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's circular to shareholders dated 28 April 2003, with such persons within the class or classes of Interested Persons as described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular (the "IPT Mandate"). The IPT Mandate was last renewed by the shareholders on 23 April 2014 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 2015 AGM of the Company for the renewal of the IPT Mandate.

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

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

| Interested Persons | Aggregate value of all interested person transactions in FY 2014 (excluding transactions less than $100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920) $'000 | Aggregate value of all interested person transactions conducted in FY 2014 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000 | |
|---|---|---|---|
| Hong Leong Investment Holdings Pte. Ltd. group of companies | 313,573* | Property-related<br>(a) provision to/by interested persons of<br>(i) project management services;<br>(ii) marketing services; and<br>(iii) property management and maintenance services<br>(b) lease of premises to interested persons | 17,432 |
| | | Management and Support Services<br>(a) provision to interested persons of<br>(i) accounting and administrative services; and<br>(ii) financial services | 1,211 |
| | | Financial and Treasury Transactions<br>(a) borrowing of funds from interested person | 152 |
| | | Total | 18,795 |
| Directors and their immediate family members | Nil | | Nil |

* *The figure comprises:*
*(i) the aggregate value of shareholders' loans extended to joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2014, which were announced on 11 February 2015 pursuant to Rule 916(3). The shareholders' loans referred herein have been extended by all the joint venture parties or shareholders in proportion to their respective equity interest in the joint venture and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans; and*
*(ii) the aggregate value of joint ventures between the Company or its wholly-owned subsidiaries with interested persons for the joint acquisition of land parcels.These transactions were announced pursuant to Rule 916(2).*

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

### Whistle-blowing Policy

CDL has in place a whistle-blowing procedure where staff of the Company and other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters or other matters without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the Head of IA. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken.

The Company is committed to maintaining procedures for the confidential and anonymous submission of reports and the anonymity of the whistle-blower concerned will be maintained where so requested by the whistle-blower who lodged the report. Investigations of such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the circumstances, and involve persons who need to be involved in order to properly carry out the investigation and will, on a best efforts basis, be carried out in a timely manner.

In order to facilitate and encourage the reporting of such matters, the whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address as well as telephone contact numbers) are available on the Company's website and intranet and is easily accessible by all employees and other persons.

The whistle-blowing policy is reviewed by the ARC from time to time to ensure that it remains current and during the year, it was revised to provide that the Head of IA reports to the CEO instead of the Managing Director following the appointment of the CEO on 17 February 2014 and Mr Kwek Leng Joo's relinquishment of his Managing Director position on the same day.

***Guideline 13.1***

*Does the Company have an internal audit function? If not, please explain why.*
***Yes. Please refer to the section under the header "Reporting Line and Qualification".***

## Principle 13: Internal Audit

### Reporting Line and Qualification

The IA function is independent of the activities it audits. The Head of IA's primary reporting line is to the chairman of the ARC with an administrative line of reporting to the CEO (previously the Managing Director) of the Company. The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the ARC. The ARC also provides input on the annual performance appraisal of the Head of IA. The ARC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the ARC, the Board and Management as well as the Group's documents, records, properties and personnel.

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

### Role and Activities of IA

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

The ARC approved the annual IA plan in February 2014 and received regular reports during 2014 on the progress of the audit work under the IA plan. All IA reports are given to the ARC, the Chairman of the Board, the Deputy Chairman, CEO, GGM, CFO, Company Secretary and the heads of the relevant departments. IA observations on control, operational and human lapses and recommendations to address them were also reviewed and discussed at ARC meetings. The ARC was satisfied that recommendations made were dealt with by the Management in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the ARC.

The ARC reviewed the effectiveness and adequacy of the IA function through a review of the IA activities on a quarterly basis as well as its annual assessment of the IA function. The assessment was facilitated through the use of an evaluation framework modeled on the framework recommended in the ACGC Guidebook. The evaluation framework is comprehensive and covers IA organisation, resources and continuing training, audit plans work scope, quality of reports and recommendations, IA Charter and IA internal control assessment. Based on the assessment, the ARC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate independent standing within the Group to perform its functions effectively.

## COMMUNICATION WITH SHAREHOLDERS

**Principle 14: Shareholder Rights**

Being committed to good corporate practices, the Company treats all shareholders fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules, including the voting procedures, are set out in the notice of general meetings. In accordance with the Articles of Association of the Company, shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. The proxy forms must be deposited with the Company not less than forty-eight (48) hours before the time set for the general meetings. As it is logistically challenging to allow corporations providing nominee or custodial services to appoint more than 2 proxies, the Company has decided not to implement the same for the time being. CPF investors of the Company's securities may nevertheless attend shareholders' meetings as observers provided they have submitted their requests to do so through their agent banks within a specified timeframe.

***Guideline 15.4***

(a) *Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?*
***Please refer to the explanation under "Principle 15: Communication with Shareholders."***

(b) *Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?*
***The Company's Head of Corporate Communications provides investor relations support to the Senior Management who takes an active role in investor relations. Please refer to the third paragraph in the section under the header "Principle 15: Communication with Shareholders".***

(c) *How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?*
***Please refer to the explanation under "Principle 15: Communication with Shareholders."***

**Principle 15: Communication with Shareholders**

The Company ensures that shareholders are notified of all material information in an accurate and timely manner. The Company notified its investors in advance of the date of release of its financial results via SGXNET. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released via SGXNET.

Shareholders and investors can contact the Company or access information on the Company at its website at www.cdl.com.sg which provides, *inter alia*, corporate announcements, press releases and the latest financial results as released by the Company on SGXNET.

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

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

***Guideline 15.5***

*If the Company is not paying any dividends for the financial year, please explain why.*
***Not applicable. The Company is paying dividends in respect of FY 2014.***

**Principle 16: Conduct of Shareholder Meetings**
At general meetings of the Company, shareholders are given the opportunity to communicate their views and encouraged to ask the Directors and the Management questions regarding matters affecting the Company. The chairmen of the ARC, NC, RC and CSR-CGC and the external auditors were present at the last AGM, and will endeavour to be present at the 2015 AGM to assist the Directors in addressing queries raised by the shareholders.

Shareholders are given the opportunity to vote at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election or re-appointment of each Director as a separate subject matter. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in the AR. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board, Management and/or the external auditors.

The Chairman of the Meeting will be exercising his rights under Article 56 of the Company's Articles of Association for all resolutions proposed at the 2015 AGM and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the 2015 AGM will be voted on by way of a poll.

In support of greater transparency and to allow for a more efficient voting system, the Company had introduced electronic poll voting instead of voting by show of hands at the 2012 AGM and would continue to do so in respect of all resolutions proposed at the 2015 AGM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed at the meeting and announced via SGXNET after the 2015 AGM. The rules including voting procedures that govern general meetings of shareholders are attached with the notice of the 2015 AGM.

**Corporate Values and Conduct of Business**
The Board and Senior Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has in place an internal code of business and ethical conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code, which provides a communicable and understandable framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, is available on the Company's intranet and is easily accessible by all employees.

The code provides guidance on issues such as:
- conflicts of interest and the appropriate disclosures to be made;
- the Company's stance against corruption and bribery;
- compliance with applicable laws and regulations including those relating to the protection of the environment and the conservation of energy and natural resources;
- compliance with Company's policies and procedures, including those on internal controls and accounting;
- safeguarding and proper use of Company's assets, confidential information and intellectual property rights, including the respect of the intellectual property rights of third parties; and competition and fair dealing in the conduct of the Company's business, in its relationships with customers, suppliers, competitors and towards its employees.

In line with the Board's commitment to maintain high ethical standards which are integral to our corporate identity and business, the Company has the following three corporate policies in place:

(i) Anti-Corruption Policy & Guidelines which sets out the responsibilities of the Group companies and of each employee in observing and upholding CDL's 'zero-tolerance' position against all forms of corruption, bribery and extortion and provides information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion which may arise in the course of their work.

(ii) Fraud Policy & Guidelines which provides guidance on actions which may constitute fraudulent conduct and highlights the importance of the implementation, maintenance and compliance with the internal controls framework of the Group and its policies and procedures.

(iii) Competition Policy & Guidelines which states the Company's policy to compete fairly and ethically in the conduct of business in all of our markets and provides direction and guidance to employees in their relationships and communications with competitors and customers.

These policies are available on the Company's intranet and have also been disseminated to officers and employees of the Group's key subsidiaries.

**Internal Code on Dealings in Securities**

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

**Corporate Social Responsibility**

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

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

# RISK MANAGEMENT

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

The ARC's risk management function is assisted by a Risk Management Committee (RMC), whose members comprise Senior Management and the Heads of Divisions, Business Units and Corporate Functions. The RMC is responsible for ensuring the effectiveness of the risk management framework of the Company, the objective of which is to provide an enterprise-wide view of the risks involved in property investment, development and management activities and a systematic risk assessment methodology for the identification, assessment, management and reporting of such risks on a consistent and reliable basis. The RMC is mandated to focus on key strategic risks whilst also ensuring that the business units are responsible for the day-to-day tracking, monitoring and control of risks within their operations.

Since 2013, an Enterprise Risk Management (ERM) function has been established to provide the RMC with the quarterly status of the key strategic risks, assessment of key risk exposures and any new emerging risks that may require mitigations. The ERM function also assists the RMC to report quarterly to the ARC on the overall strategic and operational risks positions, including mitigating measures, treatment plans and the occurrence or potential occurrence of significant risk events.

The RMC has established a formal risk management framework. This framework provides the Company with a structured and consistent process for the identification, assessment, evaluation, monitoring and reporting of risks. In 2014, the Company's strategic risks were reviewed so that the Company's risk profile remains relevant with the business environment and organisational structure. The risk governance structure of the Company is regularly reviewed against international standards and best practices in risk management. The Company recognises that the risk management process is an on-going process and aims under its risk governance structure to continually to look for ways to improve in the following areas:

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

The Company strongly believes that the most senior executive in the company sets the "tone from the top" towards risk management and instills an effective risk culture. This is crucial for the success of the risk management framework at the operational and strategic levels. To reinforce the desired risk culture and to promote accountability and ownership at all levels, Management and staff are engaged regularly on risk management related activities such as risk identification and assessment workshops, topical talks by external consultants as well as Control Self-Assessment (CSA) exercises.

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

## OPERATIONAL RISKS

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

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

## INVESTMENT AND PORTFOLIO RISKS

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

## TREASURY AND FINANCIAL RISKS

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

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken for speculative purposes except for use as hedging instruments where appropriate and cost efficient.

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

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

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

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

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

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

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

## HUMAN RESOURCE (HR) RISK

The Company recognises HR as an important contributing factor towards the stable growth of the Company. Efforts are taken to enhance the processes for recruitment, remuneration, training and development of employees.

Identification, development and retention of talents are key areas for HR risk management. Leadership development programmes are in place to groom talents and ensure smooth succession planning for key positions. Enhancement of the Performance Appraisal system, coupled with career development and training programmes, are part of the Company's HR strategy to improve feedback and work performance, level up competencies and increase employees' commitment. To further improve staff retention, the management also supports work-life harmony programmes and family-friendly policies as part of its efforts to help employees achieve a balanced life between work and family and at the same time create a quality workplace.

## CRISIS RISKS

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

The RMC is responsible for overseeing the maintenance of the BCP. Procedures and processes of the BCP include identification of alternate recovery centres, operational procedures to enable communication, continuity of critical business functions and recovery of database in the event of a crisis incident. Periodic incident management drills are conducted to familiarise employees with the emergency response plans of the Company. The plans to carry out periodic tests on BCP, results of the tests, as well as recommendations and corrective actions are reviewed by the

RMC annually and reported to the ARC. Further enhancement during the year included the alignment of corporate BCP to various operating departments' emergency procedures. Action plans have been put in place to ensure newly established business units are equipped with the respective BCPs to meet their needs.

## INFORMATION TECHNOLOGY (IT) RISKS

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

## ENVIRONMENTAL, HEALTH AND SAFETY (EHS) RISKS

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

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

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

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

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

## MILLENNIUM & COPTHORNE HOTELS PLC (M&C)

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

In respect of EHS, M&C's UK region has published and launched health and safety management policies and procedures certified to OHSAS 18001 (externally audited by the British Standards Institution). Management of M&C's European region is currently in the process of rolling out across the remaining UK hotels the system which is designed to ensure robust and comprehensive risk assessment and recognition across the business. These efforts are being supported by new compliance management software resulting in tighter control of statutory/mandatory activities, inspections and creation of audit trails.

Whilst M&C continually assesses its environmental impact and actively seeks ways to reduce it through improvements in its hotels' operating infrastructure and by improving work practices, the management team also works with its suppliers to minimise the environment impact of their activities. Environmental performance is being integrated into the operational objectives of the hotel teams, a key requirement of the ISO 14001 management system certification, also attained through external audit from the British Standards Institution. The M&C Group has been producing a global carbon footprint for all of its owned and managed properties since 2010 and each year a summary of results is included within its annual report and accounts.

## MOVING FORWARD

Despite best efforts, the Company recognises that risks cannot be eliminated but can only be managed to acceptable levels. Nevertheless, the Company commits to continuously refine and improve its risk management framework, systems and processes to ensure that risks are being well managed and monitored throughout the organisation, in order to thrive in the increasingly dynamic and changing business environment of today.

## SENIOR MANAGEMENT APPOINTMENTS

In line with the Group's strategy to bring fresh perspectives and to reorganise its key functions to stay globally connected and focused on new opportunities, the year began with several new appointments to the Group's senior management team. These included a Deputy Chairman, Chief Executive Officer, Chief Investment Officer, Chief Strategy Officer and Chief Marketing Officer, to strengthen and deepen the expertise of the management team as the Group looks outwards to capitalise on growth markets.

## SINGAPORE – RESILIENCE DESPITE HEADWINDS

Singapore's residential property market remained subdued due to economic uncertainties and the prevailing property cooling measures. Despite challenging market conditions, for the year under review, CDL with its joint venture associates sold 1,378 units including Executive Condominiums (ECs) at a value of about $1.4 billion, maintaining the Group's position as Singapore's top-selling private sector developer for 2014.

CDL, together with Hong Leong Holdings Limited and Hong Realty (Private) Limited, launched two residential developments in May 2014. The 944-unit Coco Palms near Pasir Ris MRT station, and the 845-unit Commonwealth Towers, located at the city fringe, next to Queenstown MRT station, were very well received. Both projects were respectively the first and second best-selling project for May 2014 in terms of sales volume. Coco Palms went on to become one of the top-selling projects in 2014.


*Coco Palms – one of the top-selling projects in Singapore in 2014.*

As at 10 March 2015, over 80% of Coco Palms has been sold, while 363 units out of the 500 units at Commonwealth Towers released for sale have been sold.

## ENHANCING SINGAPORE'S SKYLINE

CDL capped the year with the topping out of South Beach, a mega mixed-use development on Beach Road, which is jointly developed with Malaysia's IOI Group.

Designed by world-renowned architectural firm Foster + Partners, South Beach's visionary and stunning architectural concept seamlessly blends four historic buildings with two new 45- and 34-storey towers. Comprising 500,000 square feet (sq ft) of Grade A office space, 190 luxury residences, a 654-room designer hotel, around 37,000 sq ft of retail space and an approximately 29,000 sq ft club, the development is on track to complete progressively in 2015.

With resilient demand for Grade A office space but limited supply in the near-term, leasing activities for South Beach has been healthy. As of February 2015, South Beach Consortium has secured 80% of the leases for the 34-storey North Tower, including anchor tenant Facebook Singapore Pte Ltd. South Beach is well positioned to be a definitive architectural icon in Singapore for years to come.

## GEOGRAPHICAL DIVERSIFICATION

As part of the Group's strategic focus to diversify geographically and accelerate overseas expansion, several groundbreaking acquisitions were made in 2014.

In September, CDL made its maiden foray into residential development in Japan. It acquired majority interest in a prime freehold land site in Tokyo from Seiko Holdings Corporation for ¥30.5 billion (or approximately $355.5 million).

The expansive 16,815 square metre (sqm) (approximately 4.2 acres) land parcel is located in the prestigious residential enclave of the Shirokane area in Tokyo's Minato ward, where the offices of many multinational corporations and numerous foreign embassies are situated. The lushly landscaped site houses a mansion, the former residence of Seiko's founder, Mr Kintaro Hattori. CDL plans to develop luxurious, high-end condominiums on the site.

In December, CDL China Limited (CDL China), a wholly-owned subsidiary of the Group, gained a foothold in Shanghai by acquiring Shanghai Jingwen Zhaoxiang Real Estate Limited (Jingwen) for RMB 799 million. Jingwen's completed 120-unit luxury residential development in Qingpu district's affluent residential corridor is built on a 163,837 sqm land parcel with lush, well landscaped greenery.

CDL China continues to push forward with the development of its two projects in Chongqing's Yuzhong district – the 126-unit Eling Residences, and the mixed-use Huang Huayuan project comprising three high-rise residential towers, 150-room hotel and mall.

As for Suzhou Hong Leong City Center, CDL China's sizeable mixed-use development next to Jinji Lake in Suzhou Industrial Park, the construction has gone smoothly and much progress has been made. Although the project has not been officially launched for sale, it has garnered much interest from the public and subsequently a decision was made to release a small number of units, all of which have been snapped up by eager buyers.

On the hospitality front, Millennium & Copthorne Hotels plc (M&C), the Group's London-listed subsidiary, made several acquisitions in key gateway cities. In March, M&C completed the £65 million acquisition of The Chelsea Harbour Hotel in London, an all-suite hotel in the upscale Chelsea district. Bordering the River Thames, it offers 154 suites and four penthouses.

*M&C acquired its first property in Italy – the Boscolo Palace Roma (now re-branded as Grand Hotel Palace Rome) in Rome's upscale Via Veneto district.*

M&C also acquired Novotel New York Times Square comprising 480 rooms, some office and retail space and a penthouse apartment in the heart of Manhattan's theatre district for US$273.6 million, and its first property in Italy – Boscolo Palace Roma (now re-branded as Grand Hotel Palace Rome) in Rome's upscale Via Veneto district for €65.5 million, which features 87 luxury guest rooms and suites. The acquisitions were completed in June and October respectively.

In December, CDL Hospitality Trusts (CDLHT), the stapled hospitality trusts of M&C, entered the Japan market by acquiring two hotels in Tokyo – Hotel MyStays Asakusabashi and Hotel MyStays Kamata for ¥5.8 billion. The 138-room Hotel MyStays Asakusabashi provides easy access to popular sightseeing spots and attractions, such as the traditional cultural area of Asakusa and the technological and electronics district of Akihabara. The 116-room Hotel MyStays Kamata is within close proximity to the Keikyu-Kamata station, which is only a 10-minute train ride away from Haneda Airport. It is also close to the JR Kamata Station which provides direct access to JR Tokyo station and nearby major cities such as Shinagawa, Kawasaki and Yokohama.

The Group is also making good progress on its property development platform in London. It now has six prime freehold properties in the portfolio, with two located in Knightsbridge and one each in Chelsea, Belgravia, Croydon and Reading.

## NEW INVESTMENT PLATFORM

The Group has been actively seeking to develop funds management products.

In December, CDL, with partners Blackstone's Tactical Opportunities Fund and CIMB Bank Berhad, Labuan Offshore Branch, unveiled a unique $1.5 billion investment platform that invests in the cash flows of CDL's properties in Sentosa Cove – the Quayside Collection.

The Quayside Collection, an upscale integrated development by CDL, comprises three adjacent properties:

- Hotel – The 5-star W Singapore – Sentosa Cove hotel
- Retail – Quayside Isle, a waterfront F&B and retail property
- Residential – Apartments of The Residences at W Singapore – Sentosa Cove

The instrument, called Profit Participation Securities (PPS), will see investors receiving a fixed payout based on 5% interest per annum for a period of five years, in addition to a participation in the cash flows over the period that they hold the PPS.

*CDL acquired an expansive prime freehold land site in Tokyo's prestigious Shirokane area, on which stands the former residence of Seiko Holdings Corporation's founder, Mr Kintaro Hattori.*

The total aggregated value of PPS is $750 million, comprising $281 million subscribed by Astoria Holdings Limited, a wholly-owned subsidiary of the Group; with Blackstone Tactical Opportunities Fund investing $367 million and CIMB Bank Berhad, Labuan Offshore Branch contributing $102 million. Concurrently, two banks have provided $750 million in value of senior loan facilities.

## EXPANDING GLOBAL HOSPITALITY FOOTPRINT

Among several launches across its network, M&C concluded 2014 on a high with the opening of its first flagship hotel in Japan, the Millennium Mitsui Garden Hotel Tokyo, a collaboration with Mitsui Fudosan Group.

Located in the heart of Tokyo's Ginza 4-Chome district, the 329-room contemporary hotel sports a striking "Bottega-inspired" facade like the weave of a basket. The hotel's completion is timely as Tokyo gears up to host the 2020 Summer Olympic Games, which is expected to be a boon for tourism.

*The Millennium Mitsui Garden Hotel Tokyo by night.*

M&C also opened its first resort in China, the Millennium Resort Hangzhou, in Q1 2014, bringing the total number of properties in China to 11. The resort is sited in a unique geographical area known for its natural beauty, and is a mere 35-minute drive from Hangzhou Xiaoshan International Airport and 15 minutes from the downtown area and railway station.

As part of M&C's ongoing asset enhancement initiative, the former Millennium Resort and Villas Scottsdale re-opened as The McCormick Scottsdale following a renovation. Grand Hyatt Taipei completed its room refurbishment programme in May, and embarked on upgrading its F&B outlets and public areas.

Since December 2013, CDLHT's Orchard Hotel Shopping Arcade has been undergoing asset enhancement works and is slated for opening in Q2 2015. The repositioned family-friendly mall will have enhanced retail offerings, featuring anchor tenants including supermarket retail giant Cold Storage and an early educational centre, MapleBear Singapore. In addition, the mall will offer a range of F&B options as well as numerous specialty and services shops. With the new tenant mix, the mall is expected to cater to the needs of the residents living in the nearby districts of Orchard, Tanglin and Claymore.

## CORPORATE AND SUSTAINABILITY BENCHMARKS

CDL's building and architectural excellence was recognised on the international stage at the prestigious – FIABCI Prix d'Excellence Awards 2014. One Shenton was the World Gold Winner in the Residential (High Rise) Category and W Sentosa – Sentosa Cove was the World Silver Winner in the Hotel Category.

CDL continued to lead the industry in setting new sustainability milestones. At the Building and Construction Authority Awards 2014, it once again emerged as the most awarded private sector developer, sweeping a total of 30 accolades. In the inaugural Channel NewsAsia Sustainability Ranking, CDL was named the Top Property Developer in Asia and Top Singapore Corporation, as well as ranked second among the top 100 sustainable companies across 10 key Asian economies. Affirming CDL's innovation in developing environmentally-sustainable buildings, Tree House condominium achieved a Guinness World Record for the largest vertical garden in April 2014.

For its commitment to the highest levels of corporate governance and disclosure standards, CDL received the "Best Environmental Disclosure" title at the Sustainable Business Awards 2014 jointly organised by PricewaterhouseCoopers and Global Initiatives. CDL also clinched the Bronze award for Best Investor Relations for companies with market capitalisation of $1 billion and above, at the Singapore Corporate Awards 2014.

CDL remains listed on all three of the world's leading sustainability benchmarks – FTSE4Good Index Series (since 2002), Global 100 Most Sustainable Corporations in the World (since 2010) and Dow Jones Sustainability Indices (since 2011). CDL was also listed as a member and participant of the Global Real Estate Sustainability Benchmark for 2014, where it was ranked in the highest category (Green Star).

## LOOKING AHEAD

As part of its diversification strategy, CDL will continue to actively pursue its overseas platforms and develop funds management products as planned.

It will leverage on its synergistic platforms – including property development and investment, ownership of hotel operations, a hospitality real estate investment trust, land banking strategy, the new PPS investment platform, and an expanding overseas real estate network that now includes Japan, China and the UK – which will provide the Group with a balanced and diversified portfolio to mitigate any headwinds.

The Group is cautiously optimistic as it embarks on this new era of growth. It will continue to maintain discipline in its strategic investment approach for land or property acquisitions in Singapore and abroad, to enhance returns for shareholders.

# HIGHLIGHTS OF THE YEAR

**JANUARY**

- CDL was listed as one of Corporate Knights' Global 100 Most Sustainable Corporations in the World for the fifth consecutive year, taking 39th position, up from 52nd in 2013.

**FEBRUARY**

- Mr Kwek Leng Beng, CDL Executive Chairman, was honoured with the inaugural Real Estate Developers' Association of Singapore (REDAS) Lifetime Achievement Award for his significant and ongoing contributions to the community and the nation, and influence in the property industry.
- CDL appointed former Managing Director Mr Kwek Leng Joo as its Deputy Chairman, and private equity and real estate veteran Mr Grant Kelley as its Chief Executive Officer.
- 368 Thomson, a 157-unit freehold development along Thomson Road, obtained its Temporary Occupation Permit (TOP).

*CDL Executive Chairman Mr Kwek Leng Beng (left) received the REDAS Lifetime Achievement Award from Minister for Education Mr Heng Swee Keat.*

**MARCH**

- M&C acquired the 5-star all-suite hotel, The Chelsea Harbour Hotel, situated within London's upscale Chelsea district for £65 million.

**APRIL**

- Mr Sherman Kwek, CEO of CDL's wholly-owned subsidiary CDL China Limited, was appointed as CDL's Chief Investment Officer, and Mr Kwek Eik Sheng, formerly CDL's Head, Corporate Development, was appointed as CDL's Chief Strategy Officer.
- CDL was conferred the highest honour of The Distinguished Patron of Heritage Award by the National Heritage Board for developing the CDL Green Gallery @ Singapore Botanic Gardens Heritage Museum, as well as for its contribution towards the Museum, arts and heritage.
- Tree House condominium at Chestnut Avenue, a joint venture project between CDL and Hong Realty (Private) Limited, clinched a Guinness World Record for the largest vertical garden. The 24-storey, 2,289 square metre (sqm) vertical garden is not only aesthetically striking, it also filters carbon dioxide and pollutants and helps lessen heat absorption.
- City Square Mall, Singapore's First Eco-mall, was named Best Suburban Shopping Centre and placed among the top three Family-Friendly Malls at the AsiaOne People's Choice Awards.
- M&C opened its first resort and 11th property in China, the Millennium Resort Hangzhou.

**MAY**

- CDL and partners, Hong Leong Holdings Limited and Hong Realty (Private) Limited, launched two residential developments – Commonwealth Towers, an 845-unit condominium located at the doorstep of Queenstown MRT station, and Coco Palms, a 944-unit project at Pasir Ris Grove located just minutes from Pasir Ris MRT station.
- Sweeping a total of 30 accolades, CDL once again emerged the most awarded private sector developer at the Building and Construction Authority Awards. CDL was accorded the Quality Excellence Award – Quality Champion (Platinum) for its sustained commitment to delivering quality homes. It remains the only developer to have achieved this highest tier recognition.
- CDL's leadership in building and architectural excellence was recognised with two wins at the prestigious FIABCI Prix d'Excellence Awards. One Shenton emerged as the World Gold Winner in the Residential (High Rise) Category while W Singapore – Sentosa Cove was named the World Silver Winner in the Hotel Category.
- CDL appointed its first female independent Board Director – Adjunct Associate Professor Tan Yee Peng of Nanyang Technological University's Nanyang Business School.

**JUNE**

- CDL appointed Mr Mark Yip as Chief Marketing Officer.
- CDL was named the Green Leadership Award Winner at the Asia Responsible Entrepreneurship Awards Southeast Asia, which honours companies that recognise, mitigate and reduce the environmental impact of their businesses.
- M&C acquired the 34-storey building – Novotel New York Times Square, in the heart of Manhattan's theatre district, for US$273.6 million. It comprises the 480-room Novotel New York Times Square hotel, some office and retail space and a penthouse apartment.

**JULY**

- The fifth CDL E-Generation Challenge, featuring a refreshed "Escape Room" gameplay concept, proved to be a hit with 360 youth participants from 13 tertiary institutions. This annual outreach Challenge fosters greater environmental consciousness in youths aged 17 to 25 years old.
- For supporting local creative talents and contributing towards building Singapore's cultural heritage, CDL was conferred the Distinguished Patron of the Arts Award by the National Arts Council for the fourth consecutive year.

## AUGUST

- Buckley Classique, a 64-unit freehold development on Buckley Road, located minutes from Newton and Novena MRT stations, obtained its TOP. A grand colonial bungalow was conserved and converted into an exclusive clubhouse at the development.
- The biennial 5th CDL Singapore Young Photographer Award received over 1,500 entries from schools, youths and photo clubs – a three-fold increase since the inaugural competition in 2006.
- M&C Middle East and Africa announced plans to launch the first Studio M, with 145 rooms, in Riyadh, Saudi Arabia, in Q2 2015.

## SEPTEMBER

- The 602-unit Blossom Residences Executive Condominium (EC), located in the verdant Segar Road area of Bukit Panjang, obtained its TOP.
- CDL made its maiden residential site purchase in Japan, when it acquired majority interest in a prized and rare freehold land site in Tokyo, for ¥30.5 billion. The expansive 16,815 sqm land parcel is strategically located in the high-end, prestigious residential enclave of the Shirokane area in Tokyo's Minato ward where the offices of numerous foreign embassies and multinational corporations are situated.
- CDL was named Top Property Developer in Asia, Top Singapore Corporation and second among the top 100 sustainable companies across 10 key Asian economies, in the Channel NewsAsia Sustainability Ranking.
- CDL was recognised as one of three winners in the Business Leadership in Sustainability category at the inaugural World Green Building Council's Asia Pacific Regional Network Leadership Awards in Green Building.

## OCTOBER

- CDL announced its plans to be the first developer in Asia to use an advanced construction technology, Prefabricated Prefinished Volumetric Construction (PPVC), for a large-scale residential development. Likely the largest application of PPVC of its kind, over 5,000 building modules will be used to construct eight 10- to 12-storey blocks with 638 units at CDL's upcoming EC project at Canberra Drive in Sembawang.
- The CDL Green Lease Partnership Programme was launched to encourage its commercial tenants to contribute to Singapore's sustainable development agenda. As at December 2014, about 70% of CDL's existing tenants signed the CDL Green Lease Memorandum of Understanding, pledging their commitment to monitor, manage and reduce energy consumption.
- The fourth CDL-Singapore Compact Young CSR Leaders Award, an annual student case study competition that allows youths to propose feasible CSR strategies for companies, received a record 50 entries from various educational institutes in Singapore.
- M&C acquired the Boscolo Palace Roma in Rome's upscale Via Veneto district for €65.5 million. Featuring 87 luxury guest rooms and suites, it is now operated by M&C as the Grand Hotel Palace Rome.

## NOVEMBER

- Nouvel 18, the 156-unit freehold joint venture development by CDL and Wing Tai Holdings Limited, located in the heart of the prestigious Ardmore and Anderson locales, obtained its TOP. It is designed by renowned French architect Jean Nouvel.
- To mark the 10th anniversary of the CDL 5-Star Environmental, Health and Safety Awards, CDL introduced the Safe Worker Award to encourage construction workers to be more safety conscious, and announced plans to provide free wi-fi and computers at its new worksites with onsite workers living quarters.

## DECEMBER

- CDL partnered with investment firm Blackstone's Tactical Opportunities Fund and CIMB Bank Berhad, Labuan Offshore Branch, to create a unique $1.5 billion investment platform that invests in the cash flows of CDL's properties in Sentosa Cove. Named the Quayside Collection, the properties comprise the 5-star hotel W Singapore – Sentosa Cove, Quayside Isle, a waterfront F&B and retail property, and The Residences at W Singapore – Sentosa Cove.
- CDL China Limited gained a foothold in Shanghai by acquiring Shanghai Jingwen Zhaoxiang Real Estate Limited for RMB 799 million.
- South Beach, a mega integrated development by CDL and IOI Group, topped out and the entire project is on schedule to be completed by the end of 2015.
- M&C opened its first flagship hotel in Japan, the 329-room Millennium Mitsui Garden Hotel Tokyo, located in the heart of Tokyo's Ginza 4-Chome district. This is a collaboration with Mitsui Fudosan Group.
- CDLHT made its first foray into Japan by acquiring two hotels – Hotel MyStays Asakusabashi in central Tokyo and Hotel MyStays Kamata near Tokyo's Haneda Airport – for ¥5.8 billion.

*The Millennium Mitsui Garden Hotel Tokyo is M&C's first and flagship hotel in Japan.*

# HUMAN RESOURCE REVIEW

We value our employees as they contribute to the continued and sustained growth of CDL. We are committed to being an employer of choice through competitive remuneration, and developing, engaging and caring for employees.

## DEVELOPING OUR EMPLOYEES

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

**Remuneration**

As an employer of choice, CDL maintains competitive remuneration for our employees through regular salary benchmarking with the market and within the industry.

**Learning and Development**

Learning and development is an important aspect of the training roadmap for all CDL employees. Training needs analysis is conducted annually to establish the necessary training intervention to level up competencies and professional knowledge. In 2014, CDL employees clocked an average of four training days per employee. CDL also sponsored employees to upgrade their educational qualifications.

**Talent Management**

Developing a robust talent pool is crucial to strengthening CDL's position as a leading property developer. As part of our talent management strategy, the CDL Leadership Programme was implemented to develop high-potential employees. The People Manager programme was also introduced in 2014 to build up our leadership pool.

**Sponsorships Scheme and Internships**

CDL works closely with local polytechnics and universities to offer internship placements for their students. This is one of the many ways CDL attracts young and promising talents. We provide students with exposure to a professional work environment. This helps CDL gain mind share when these students explore their career choices upon graduation.

CDL also offers the Building and Construction Authority-CDL Built Environment Undergraduate Scholarships to promising students who possess excellent academic results and are keen to pursue a career in the real estate industry.

## ENGAGING OUR EMPLOYEES

CDL places high value on our employees' engagement, ensuring that they remain engaged, committed and motivated. Bi-annual Employee Engagement Surveys are conducted to acquire feedback and insights into employee-related concerns. CDL's success in employee engagement is evident from the high Employee Engagement Score, which is above the national average.

CDL's management also believes in maintaining regular communication channels with employees. The Chief Executive Officer and senior management hold regular dialogues with employees to share management insights and gather feedback.

We conduct regular surveys via our intranet to seek employees' feedback on corporate activities. The feedback is taken into account when planning future activities. Employees also use the interactive features of the intranet to share interesting information on food reviews and travel itineraries. This encourages an open and fun work-life culture at CDL.

## CARING FOR OUR EMPLOYEES

The emotional and physical well-being of employees are integral to our constant strive for performance and organisational excellence. By providing a healthy work-life culture, CDL employees can better balance their personal and professional commitments. Flexi-working hours arrangements allow employees to manage their family and work commitments more effectively and meaningfully. HR constantly reviews staff benefits and implements enhancements to attract, retain and engage employees.

CDL takes an employee-led approach for our wellness programmes, as it promotes cohesiveness and allows employees to participate in the decision-making and implementation of staff activities. A staff committee known as Staff Connect, made up of representatives from various departments, together with Human Resource department, actively promotes Work-Life strategies and initiatives.

In line with CDL's commitment to corporate social responsibility, CDL encourages and provides opportunities for employees to participate in community service programmes through our employee volunteer platform, City Sunshine Club. In 2014, CDL employees clocked 3,005 hours in various community service programmes. For example, CDL supported Assisi Hospice in the annual Assisi Hospice Charity Fun Day and also partnered People's Association and the Marine Parade Cluster to organise the "Click and Care Photo Walk" for children and youths from low-income families.


*CDL staff volunteers in high spirits at the Assisi Hospice Charity Fun Day 2014.*

# CORPORATE SOCIAL RESPONSIBILITY REPORT

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

In 2014, CDL continued to scale new heights in sustainability and innovation, beyond the bricks and mortar.

Our Tree House condominium achieved a Guinness World Record for the largest vertical garden. More than an architectural icon, the 24-storey, 2,289 square metre (sqm) vertical garden is expected to achieve air-conditioning energy savings of between 15% and 30% annually.

We also unveiled our plan to be the first developer in Asia to apply advanced construction technology, Prefabricated Prefinished Volumetric Construction (PPVC), for a large-scale residential development. Over 5,000 building modules will be used to construct our upcoming Executive Condominium (EC) at Canberra Drive, boosting productivity by over 40% to save some 55,000 man days. This is likely to be the world's largest PPVC application of its kind.

CDL was conferred the Quality Excellence Award – Quality Champion (Platinum) by the Building and Construction Authority (BCA) at the BCA Awards 2014. We are the only developer to have received this highest honour for two consecutive years and in the year under review, CDL remains the leading green developer with the highest number of BCA Green Mark awarded properties.

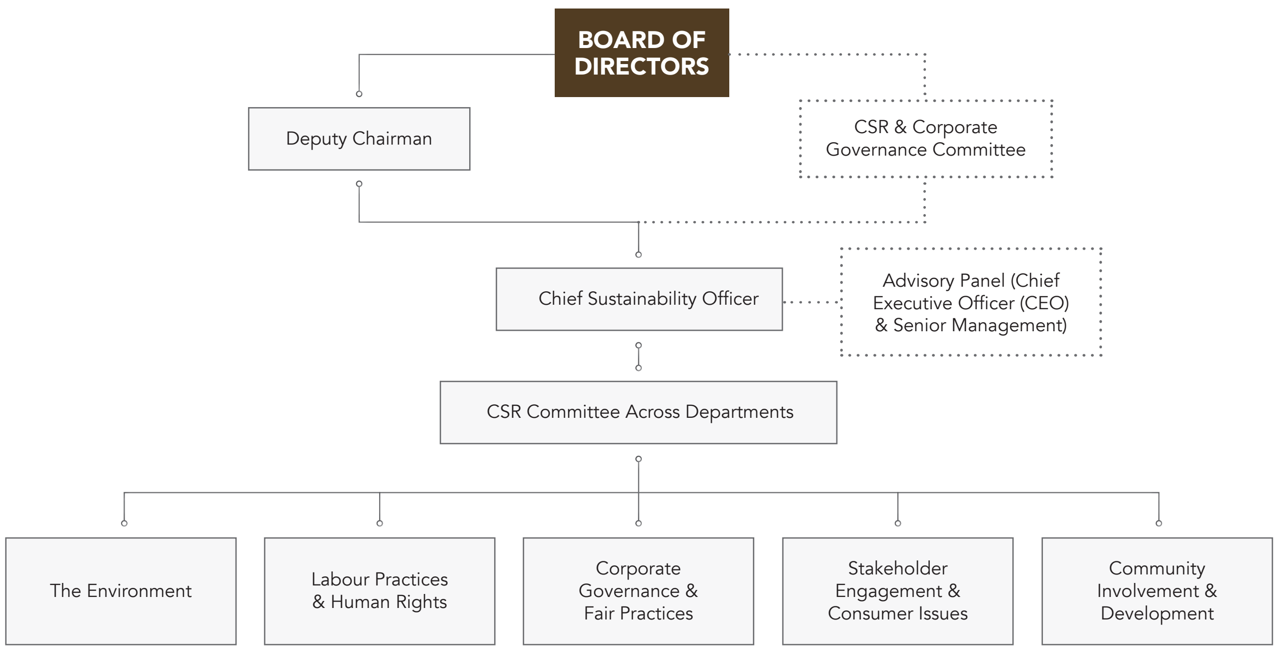
CDL is also glad to remain the first Singapore corporation to be listed on three of the world's leading sustainability benchmarks – FTSE4Good Index Series (since 2002), Global 100 Most Sustainable Corporations in the World (since 2010) and Dow Jones Sustainability Indices (since 2011).

Beyond the integrity of our buildings, stakeholder engagement is key to the success of CDL's sustainability drive. In line with BCA's 3rd Green Building Masterplan which focuses on user engagement, CDL formed a Tenant Engagement Taskforce in July. The CDL Green Lease Partnership Programme was also launched in October to encourage our commercial tenants to reduce their carbon footprint.

## STRATEGIC CSR APPROACH

Established in 2008, the company-wide CSR Committee is responsible for mapping out CSR strategies and measuring key performance. This Committee cuts through all corporate and operational units that are material to the business. It initiates, drives and monitors various aspects of our CSR practices, ensuring that these are integrated into our business operations and complement corporate objectives. Above this Committee is a board level CSR & Corporate Governance (CG) Committee, comprising one executive and two independent Directors, that advises on CDL's CSR strategies.

## CSR COMMITTEE STRUCTURE



# CORPORATE SOCIAL RESPONSIBILITY REPORT

## 20 YEARS OF CSR EXCELLENCE

Over the past 20 years, CDL's CSR journey has progressed by leaps and bounds, pioneering visionary approaches, championing groundbreaking innovations and setting new sustainability benchmarks.

## 1995 – 1999

Integrating CSR vision into CDL's corporate vision and mission

**1995**
- Established CSR vision of "Conserving as we Construct".

**1998**
- First developer in Singapore to install energy-saving lifts in a residential development – The Florida Executive Condominium.

**1999**
- Established City Sunshine Club (CSC), CDL's employee volunteer programme.

## 2000 – 2004

Aligning CSR initiatives with global benchmarks and championing stakeholder engagement

**2001**
- First private sector developer to introduce an audited appraisal on builders' Environmental, Health and Safety (EHS) performance by pioneering the CDL 5-Star EHS Assessment System.

**2002**
- Pioneered Singapore's first major office greening programme, Project: Eco-Office, with Singapore Environment Council.
- Launched Singapore's first Eco-Condominium, Savannah CondoPark.

**2003**
- First private sector property developer in Singapore to receive ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety System.

**2004**
- Pioneered "Let's Live Green!" eco-outreach programme for CDL homeowners.


*Using PPVC at its upcoming Canberra Drive EC will allow CDL to achieve productivity gains of over 40%.*

## 2005 – 2009

Further strengthening commitment to EHS, green building and innovation

**2005**
- Became signatory to the United Nations (UN) Global Compact and founding member of Singapore Compact for CSR.
- Launched the CDL 5-Star EHS Awards to recognise builders that excelled in the 5-Star EHS Assessment System.

**2008**
- Published Singapore's first Global Reporting Initiative (GRI)-checked Social and Environment Report.

**2009**
- Launched the first CarbonNeutral® development in Singapore and Asia Pacific, 11 Tampines Concourse.
- Launched Singapore's First Eco-mall, City Square Mall.
- Launched 7 & 9 Tampines Grande which embraces one of the largest and most extensive use of solar technology in a commercial property in Singapore.

## 2010 – 2014

Raising the bar for CSR and rigorous sustainability reporting for transparent disclosure

**2012**
- First Singapore property developer to publish a GRI-checked Level A+ Sustainability Report.
- Launched the first Singapore landed housing development with a solar energy system, HAUS@SERANGOON GARDEN.

**2013**
- Built My Tree House – World's 1st Green Library for Kids, and Singapore's first zero energy green gallery, CDL Green Gallery @ Singapore Botanic Gardens (SBG) Heritage Museum.
- D'Nest condominium entered Singapore Book of Records for the "Largest Solar Panels in a Condominium".

**2014**
- Tree House Condominium achieved Guinness World Record for largest vertical garden.
- First developer in Asia to adopt PPVC for a large-scale residential development.
- First developer in Singapore to achieve the ISO 50001 Energy Management System (EnMS) certification.
- Celebrated 10th anniversary of CDL 5-Star EHS Awards.

## DEVELOPING OUR PEOPLE

CDL believes in caring for our employees' well-being and enabling them to achieve their maximum potential. By providing work-life harmony, we benefit through high retention and staff engagement, which create a more productive and effective workforce. More information is found in the Human Resource Review on page 64.

## UPHOLDING GOOD GOVERNANCE AND MANAGING RISK

CDL has adopted a set of internal guidelines based on the provisions of the Code of Corporate Governance 2005. In 2012, we conducted a review of CDL's Code of Business Conduct and Ethics, and additional guidance on issues such as anti-corruption, fraud and competition were provided. These policies are available on our corporate website and disseminated to all employees. More information can be found on pages 32 to 55.

Since 2002, CDL has established a formal risk management framework to enable significant business risks to be identified, assessed, monitored, managed and reviewed regularly. More information can be found on pages 56 to 58.


*Celebrating CDL's haul of 30 accolades at the BCA Awards 2014, an affirmation of CDL's track record in all aspects of building excellence.*


*CDL launched its Green Lease Partnership programme in September 2014 to engage, encourage and enable its commercial tenants to play a more proactive role in Singapore's sustainable development agenda.*

## PIONEERING SUSTAINABLE DEVELOPMENT

CDL adopts a holistic life-cycle strategy to sustainability – from design, construction, procurement and maintenance to user-engagement. Our three-pronged approach focuses on developing quality and environmentally sustainable properties, managing properties in a cost-efficient and eco-friendly way, and influencing stakeholders through community outreach initiatives.

Through building capacity, we aim to enhance green expertise in the built industry and encourage the use of more sustainable technologies.

As an ISO 14001-certified company since 2008, CDL leads in promoting innovative, cost-effective EHS technologies in energy conservation, preservation of natural flora and fauna, and efficient use of natural resources. We are also committed to promoting safer construction methods in designing and building our properties. In 2014, CDL became the first developer in Singapore to achieve the ISO 50001 Energy Management System (EnMS) certification, further aligning our energy efficiency management practices with internationally-recognised standards.

For new developments, CDL invests between 2% and 5% of the construction cost on green building design and features, and is committed to achieve a minimum of a BCA Green Mark GoldPlus rating. We continue to be the most Green Mark-accorded private sector developer with over 70 Green Mark certified buildings to date.

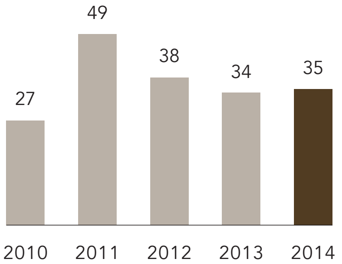
CDL is committed to improving our environmental performance, which supports the Government's goal to reduce Singapore's carbon emissions by 16% below business-as-usual levels by 2020. In 2014, we reduced our carbon emissions by 34% from baseline year 2007 and exceeded our carbon reduction targets of 22% by 2020, and 25% by 2030.

# CORPORATE SOCIAL RESPONSIBILITY REPORT

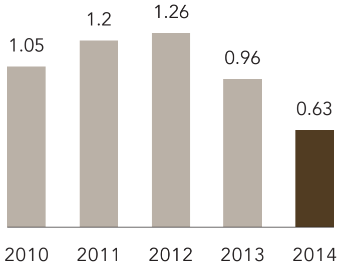
We continually measure and work towards improving our environmental targets across worksites, investment buildings and our corporate office.

## PROJECTS DIVISION

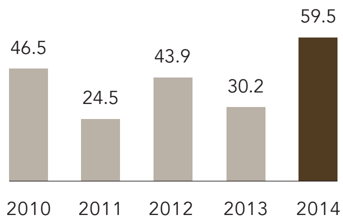
### ENERGY (kWh/m²)




### WATER (m³/m²)

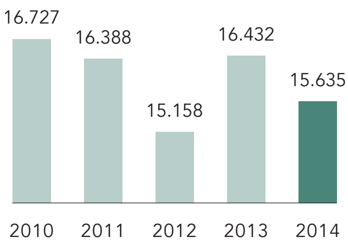



### CONSTRUCTION WASTE (kg/m²)

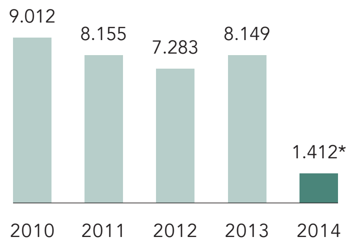



## PROPERTY & FACILITIES MANAGEMENT DIVISION

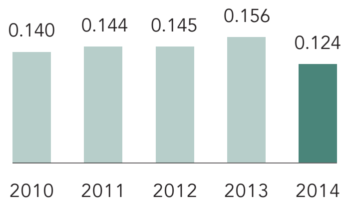
### ENERGY USED AT COMMERCIAL BUILDINGS (kWh/month/m²)



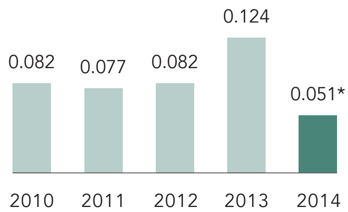

### ENERGY USED AT INDUSTRIAL BUILDINGS (kWh/month/m²)




### WATER USED AT COMMERCIAL BUILDINGS (m³/month/m²)



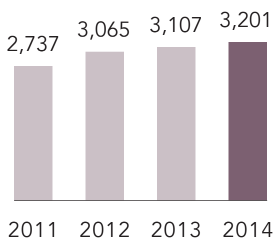

### WATER USED AT INDUSTRIAL BUILDINGS (m³/month/m²)



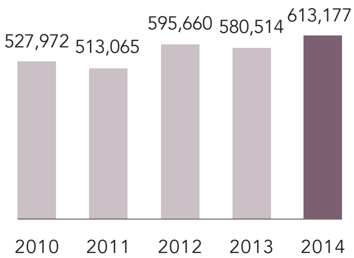

* *Excludes Pantech 21 and Newtech Park as CDL has sold off these buildings in November 2013.*

## CORPORATE OFFICE

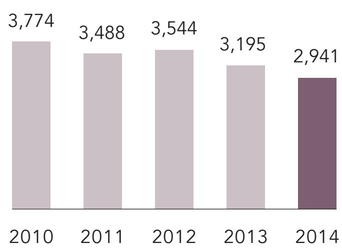
### WATER (m³/m²)




### ENERGY (kWh)




### PAPER (Number of A4 Reams)



## PARTNERING STAKEHOLDERS, EMPOWERING OUR COMMUNITY

Community building is another key focus of CDL's sustainability strategy. We are a longstanding advocate of the Government's 3P model which encourages synergistic partnerships between the People, Private and Public Sectors to create a positive impact on the community.

CDL also actively supports and runs sustained programmes and outreach activities pertaining to environmental conservation, youth development, promoting the arts and caring for the less fortunate.

## ENGAGING OUR VALUE CHAIN

| KEY INITIATIVES | IMPACT |
|---|---|
| CDL Tenant Engagement Task Force and Green Lease Partnership Programme | The programme engages and encourages commercial tenants to reduce their carbon footprint. Response has been positive with over 70% of CDL's tenants having signed the CDL Green Lease MOU as at December 2014.<br><br>Dedicated CDL Green Lease Ambassadors were introduced to advise tenants on eco-friendly practices and in partnership with Tuas Power, CDL also launched a new Automated Meter Reading portal which allows tenants to track their electricity use on a near-real time basis. |
| 10th Anniversary of CDL 5-Star EHS Awards | In celebration of this milestone, CDL rallied its main builders to pledge their commitment to workers' well-being, safety and health. A new CDL Safe Worker Award was presented to 14 exemplary individuals, and computers and free wi-fi will be installed at workers' quarters at CDL's new worksites.<br><br>The inaugural CDL EHS Cup Tournament – a series of soccer matches – was also held to promote a healthy lifestyle and foster camaraderie amongst workers. |
| Earth Hour 2014 | CDL has been a strong supporter of Earth Hour since the campaign's launch in Singapore in 2008. In 2014, 15 commercial and industrial buildings managed by CDL switched off their facade, non-essential and logo lighting. CDL garnered a strong participation rate of 94% among its office and industrial tenants.<br><br>City Square Mall, Singapore's First Eco-mall, also organised a free screening of animation film, Epic, and fringe activities to promote environmental awareness. |

## RAISING ECO-AWARENESS IN THE WIDER COMMUNITY

| KEY INITIATIVES | IMPACT |
|---|---|
| My Tree House – World's 1st Green Library for Kids | Built using eco-friendly and recycled materials, My Tree House boasts an eco-centric book collection as well as interactive green features and programmes which enable children to learn and discover more about the environment. Since its launch in May 2013, CDL, in partnership with the National Library Board (NLB), has organised regular activities for beneficiaries including:<br><br>• **"Back to Nature" Camp**<br>CSC, CDL's employee volunteer arm, rallied about 30 staff to bring holiday fun to 25 children from the Serangoon and Potong Pasir Family Service Centres on an overnight "Back to Nature" sleepover camp in November 2014.<br><br>• **"Earth Hero" Camp**<br>In December 2014, My Tree House welcomed 74 "Earth Hero" campers aged between 7 and 12 years for a guided tour and fun eco-learning experience. This was part of a two-day camp jointly organised by CDL, NLB, Nature Society (Singapore) and Victoria Junior College, to cultivate a love for the nature in children. |

| | |
|---|---|
| CDL Green Gallery @ SBG Heritage Museum | As Singapore's first zero energy green gallery, CDL Green Gallery features some of the most advanced sustainable building technologies including solar photovoltaic cladded roof panels, wall cladding made of a biomaterial known as hempcrete and construction using a prefabricated modular system, which drastically reduced environmental impact.<br><br>Envisioned as a community green space for the public to learn about the environment and history of Singapore's gardens, the CDL Green Gallery has hosted a series of exhibitions including "Living in a Garden" from 30 November 2013 to 30 June 2014 and "Ilham Alam: Nature and Healing in the Malay World" from 2 July 2014 to 5 January 2015. It is currently showcasing the "World of Flowers" exhibition, running from 28 January to 31 May 2015. |
| CDL E-Generation Challenge | Into its fifth edition, this rally fosters greater eco-consciousness amongst youths aged 17 to 25. Themed "Out of Time", the race in 2014 saw participation by some 360 youths from 13 tertiary organisations. This annual event has inspired 1,800 eco-advocates since its launch in 2010. |
| Let's Live Green! | To encourage green lifestyle choices, CDL provides homebuyers with a specially-customised "Let's Live Green!" kit with eco-living tips and instructions on the eco-friendly features in their new home. Homebuyers also get to attend talks and exhibitions on environmental conservation. In 2014, more than 800 kits were given out. |
| NEA Corporate & School Partnership (CASP) | Since 2005, CDL has been sustaining our support for the NEA CASP. To date, CDL has adopted six schools to nurture environmental interest and action among students through eco-related projects. The projects are entered into a nationwide competition which culminates at the annual Clean and Green Singapore Schools' Carnival. In 2014, three of our adopted schools, Catholic High School (Secondary), Catholic High School (Primary) and CHIJ St. Nicholas Girls' School (Secondary) were conferred merit awards for their projects which were also showcased at the carnival attended by 6,000 visitors. |
| Project: Eco-Office | Initiated with the Singapore Environment Council in 2002, this programme helps businesses to cultivate eco-friendly habits at the workplace. Companies are encouraged to participate in an online green office audit, and upon satisfactory performance, they can undertake an independent audit for the Eco-Office Label certification.<br><br>In 2014, Project: Eco-Office has certified 62 offices. Since its inception, the programme has reached out to some 78,000 office employees in all the certified Eco-Offices. |

## ADVOCATING THE BEST IN CSR

| KEY INITIATIVES | IMPACT |
|---|---|
| Sharing Innovative Best Practices with the Industry | CDL's speaking engagements at trade and industry conferences create opportunities for organisational learning and collaborative partnerships. Some key engagements include:<br>• Asian Competitiveness Institute Conference 2014<br>• Build Smart Conference 2014 (Keynote)<br>• UK-Singapore Green Growth and Business Conference |
| Promoting CSR Values and Leadership | Through dialogues and guest lectures, such as the National University of Singapore (NUS) Great Eastern Breakfast Dialogue and Singapore Management University (SMU) Masters of Tri-Sector Collaboration lecture, CDL advocates the value of CSR and provides young adults and tertiary students with insights on sustainability. |

## DEVELOPING CSR CHAMPIONS OF TOMORROW

| KEY INITIATIVES | IMPACT |
|---|---|
| CDL – Singapore Compact Young CSR Leaders Award 2014 | This annual competition aims to nurture youths aged 17 to 30 to be CSR leaders of tomorrow. In 2014, its fourth year, the competition witnessed a record number of 50 participating teams. |

| | |
|---|---|
| Partnership with Education Institutions | CDL continues to support leading education institutions in their student engagement activities:<br><br>• NUS Geography Challenge 2014: 103 secondary schools took part in the challenge which educated students on the impact of natural hazards.<br>• Nanyang Technological University (NTU) Asian Business Case Challenge – Sustainable Enterprise Challenge 2014: City Square Mall was a case study in the challenge which received 52 proposals. 180 NTU students attended the final judging. |
| Community Involvement Programmes – Overseas | CDL supported 25 youth-led overseas projects to benefit neighbouring communities in the following ways:<br><br>• Building and refurbishment of educational facilities in rural areas<br>• Expanding water distribution networks to improve clean water access<br>• Educational programmes and materials, including basic skills transfer for children and youths<br><br>Over 640 youth volunteers directly benefitted from our support. |
| Community Involvement Programmes – Local | CDL supported eight local youth-led projects which focused on promoting eco-friendly lifestyles and serving the under-privileged. Key projects include:<br><br>• SMU Challenge 2014: The finale walkathon, with 244 participants, raised S$61,000 (in cash and in kind) for the seniors at Lion Befrienders in Mei Ling Street area.<br>• NTU Greenfest Envisage 2014: Organised by NTU Earthlink Enviro Club, the two-day eco-awareness event attracted more than 500 visitors from the NTU community. |

## NURTURING CREATIVE TALENTS

| KEY INITIATIVES | IMPACT |
|---|---|
| 5th CDL Singapore Young Photographer Award | The nationwide photography competition aims to discover and nurture local photographic talents between 13 and 25 years old. In 2014, over 1,500 entries were received, a three-fold increase since the award started in 2006. |
| Singapore Garden Photographer of the Year (SGPY) | To celebrate Singapore's 50th birthday in 2015 (SG50), CDL is a presenting sponsor of this year-long national photo competition organised by National Parks Board, based on themes surrounding our City in a Garden. This initiative aims to create greater appreciation and awareness of Singapore's natural heritage through the lens of the community. |
| SG50 Commemorative Public Sculpture | CDL also partnered the National Museum of Singapore to launch an open call for the concept submission of a special SG50 commemorative public sculpture to be sited at the Museum, based on the theme "The Red Dot, Today & Tomorrow". The sculpture is expected to be unveiled in Q4 2015. |

## CARING FOR OUR COMMUNITY

Beyond philanthropy, CDL engages stakeholders through active employee volunteerism. Since its creation in 1999, CDL's dedicated employee volunteer arm, CSC, has fostered a spirit of volunteerism among employees.

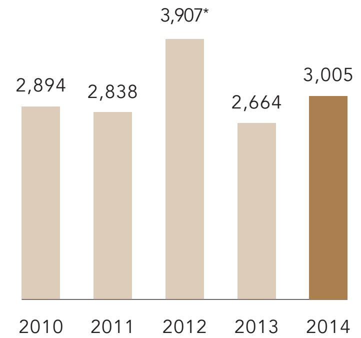
| KEY INITIATIVES | IMPACT |
|---|---|
| Arc Children's Centre | Since 2011, CDL has partnered Arc, a day care facility for children with life-threatening illnesses. Our volunteers are actively involved in the children's outings and enrichment programmes. |

# CORPORATE SOCIAL RESPONSIBILITY REPORT

| | |
|---|---|
| Assisi Hospice | For the 11th consecutive year, CDL co-organised the Assisi Hospice Charity Fun Day and rallied its subsidiary CBM Pte Ltd and four sister hotels in Singapore to contribute to the event. Over 250 employees helped to raise over $1 million for this worthy cause. |
| Lions Befrienders & Henderson Senior Citizens' Home | Since 1999, CDL has partnered Lions Befrienders on food distribution and befriending programmes for elderly beneficiaries. Apart from monthly visits, CSC volunteers regularly organise outings and also held a Lunar New Year lunch for 80 elderly residents of Henderson Senior Citizens' Home. |
| North West Community Development Council (CDC) Care & Repair Programme @ Marsiling | CDL, in partnership with North West CDC, Nanyang Girls' High School, Sunlove Senior Activity Centre and Marsiling Grassroots Organisation brought festive cheer to 82 underprivileged children through games and activities. |
| Viriya Community Services, Serangoon Family Service Centre (FSC) & South East CDC | In partnership with South East CDC, CDL runs a Character Building Programme for 20 children and youths from the FSC. In 2014, CDL introduced this programme to Viriya Community Services' new family centre. |

*In November 2014, CSC organised the overnight "Back to Nature" sleepover camp at My Tree House – World's 1st Green Library for Kids, which brought much educational fun and cheer to 25 children from the Serangoon and Potong Pasir Family Service Centres.*

## EMPLOYEE VOLUNTEER MANHOURS




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

## AWARDS AND ACCOLADES IN 2014/2015

| LOCAL | |
|---|---|
| 2014 Distinguished Patron of the Arts Award | For the fourth consecutive year, the Award by the National Arts Council recognises CDL's sustained contributions to the promotion and development of the arts in Singapore. |
| Singapore Corporate Awards 2014: Best Investor Relations | Co-organised by the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and The Business Times, CDL was conferred the Bronze award for Best Investor Relations for companies with market capitalisation of $1 billion and above. |
| 2014 Singapore Creative CSR Award: Best of Category – Environment | Organised by the Association of Accredited Advertising Agents (4As), this award is an affirmation of CDL's longstanding efforts to champion the development of green buildings and sustainable practices in Singapore. |

| REGIONAL AND INTERNATIONAL | |
|---|---|
| Channel NewsAsia Sustainability Ranking 2014 | Named Top Property Developer in Asia, Top Singapore Corporation, and second among the top 100 sustainable companies across 10 key Asian economies. |
| FTSE4Good Index Series (Since 2002) | Amongst an elite group of companies worldwide that meets globally recognised corporate responsibility standards. |

| | |
|---|---|
| Global 100 Most Sustainable Corporations in the World (Since 2010) | First and only Singapore company to be listed for six consecutive years in this prestigious global ranking announced annually at the World Economic Forum, Davos. In 2015, CDL was ranked 34th, up from 39th in 2014. |
| Dow Jones Sustainability Indices (Since 2011) | Continued to be an index component on the Dow Jones Sustainability Indices (DJSI World and DJSI Asia Pacific). CDL is the first Singapore developer to be listed on both the DJSI and FTSE4Good Index Series. |
| UN Global Compact 100 | Selected as an index constituent based on the implementation of the ten UN principles and evidence of executive leadership commitment and consistent base-line profitability. |
| Global Real Estate Sustainability Benchmark (GRESB) Report 2014 – Green Star | Achieved a Green Star ranking – the highest category of sustainability performance for GRESB. A leading global source of comprehensive portfolio level sustainability data for the real estate industry, GRESB covers 46 countries in six continents. |
| MSCI ESG Indices (Since 2009) | Received an AAA rating by MSCI Environmental, Social and Governance (ESG) Research. The Indices are designed to represent the most prevalent ESG investment strategies. |
| Euronext Vigeo – World 120 | Only company from Singapore and from the Hotel, Leisure Goods & Services (Asia Pacific) category listed on this global sustainability index for companies with the most advanced ESG performances. |
| Ethibel EXCELLENCE Investment Registers | Inclusion in the Ethibel EXCELLENCE Investment Register indicates CDL's leading performance in CSR within our sector. |
| Sustainable Business Awards (SBA) 2014 – Best Environmental Disclosure Award | Jointly organised by PricewaterhouseCoopers and Global Initiatives, the award recognises companies for their excellence and commitment to track and report environmental sustainability performance. |

In addition to the above, there have also been numerous project-related accolades. More of our achievements can be found on our website: www.cdl.com.sg.

## ACCOUNTABILITY AND TRANSPARENCY

CDL strives to uphold the highest standards of corporate governance, transparency and disclosure. Since 2004, we have incorporated a CSR Report within our Annual Report and while it is not mandatory, we have also voluntarily published a dedicated annual Sustainability Report since 2008. As we hone our reporting practices, we endeavour to provide investors a clearer understanding of our CSR conviction, the value we place on our ESG performance and its impact on our business and the community at large. Over the years, many environmental-related regulations have been progressively mandated for our industry. However, these have had little impact on our operations, largely due to our pioneering efforts in CSR and head start in sustainability reporting. We are confident that both investors and consumers will increasingly value companies that do good and do well.

In May 2014, we published “Sustain”, our seventh Sustainability Report, and third GRI-checked Level A+ Sustainability Report using the GRI G3.1 guidelines and the Construction and Real Estate Sector Supplement. The report was prepared in accordance with the ISAE 3000 Assurance Standard and is available at www.cdl.com.sg/sustainabilityreport2014.

## LOOKING AHEAD

To further strengthen the tracking and communication of our sustainability strategy and performance, CDL will adopt the latest GRI G4 guidelines for our Sustainability Report to focus on issues that are material to our business. The report will also use the integrated reporting approach connecting financial with social and environmental capitals and performance.

In 2015, we commemorate 20 years of CSR excellence just as Singapore celebrates 50 years of nation building. As one of Singapore's largest property developers and a leading green building pioneer, CDL's sustainable development has gone hand in hand with our nation's rapid progress from third world to the first.

In the next phase of our CSR journey, our focus is to “Create Future Value” for generations to come, a big step forward from the past ethos of “Conserving as we Construct”. We see unlimited possibilities to create a lasting and positive impact for our stakeholders and the environment, today for tomorrow.

**KWEK LENG JOO**
*Deputy Chairman*

# MARKET REVIEW

CDL's business model has evolved to continuously grow and innovate, amidst the increasingly challenging Singapore residential property market.

Our plans for strategic long-term growth focus on overseas expansion and developing unique investment platforms and fund management products.

CDL remains vigilant in seeking suitable yield accretive opportunities in five overseas markets identified – the US, UK, Japan, China and Australia. In Singapore, we are cautiously optimistic of opportunities to tap the vast capital market, even as the residential property market is expected to remain subdued in the near term. The Group will also continue to maintain discipline in land or property acquisitions in Singapore and abroad.

## SINGAPORE

Based on full-year figures issued by the Ministry of Trade and Industry (MTI), the Singapore economy had expanded by 2.1% in Q4 2014 on a year-on-year basis, in comparison with 2.8% in Q3 2014. On a quarter-on-quarter seasonally-adjusted annualised basis, the economic growth accelerated with an increase of 4.9% in Q4 2014, compared with the 2.6% growth in Q3 2014.

For the full year of 2014, the Singapore economy grew by 2.9%, compared with the 4.4% increase in 2013. This was in line with MTI's growth forecast of around 3.0% for 2014.

The manufacturing sector grew by 2.6% in 2014, compared with the 1.7% growth in 2013. Growth in the construction sector had moderated with an expansion of 3.0% in 2014, compared with the 6.3% growth in 2013. Similarly, the service sector grew by 3.2% in 2014, moderating from the 6.1% growth in 2013.

### Residential

Residential property prices in Singapore are expected to continue to moderate across all market segments. The various Government cooling measures, in particular the total debt servicing ratio framework and additional buyer's stamp duty, have adversely impacted both sales volumes and prices. Average residential rents, particularly for the high-end segment, have declined, coupled with a weak secondary market.

Land prices for public Government Land Sales (GLS) tenders have remained relatively resilient. The demand for prime sites with good location has remained strong and tender bids continued to be very competitive. The demand for GLS sites underpins the pressure on developers to replenish their land banks. Furthermore, the punitive restrictions imposed by the Qualifying Certificates have caused the private land market to be deemed unfavourable for land bank replenishment. This has exerted upward pressure on GLS tender prices.

For 2014, prices of private residential properties fell by 4.0% compared with the 1.1% increase in 2013. Urban Redevelopment Authority (URA) data indicated that the Residential Property Price Index decreased from 214.3 points in Q4 2013 to 205.7 points in Q4 2014. Rentals of private residential properties declined 3.0% year-on-year in 2014, a reversal from the 0.9% increase in 2013.

A total of 7,316 private residential units were sold by developers in 2014 compared with 14,948 units in 2013, a drop of 51.1%.

In general, property consultants share the view that sentiment will remain negative in 2015, with private home sales volume expected to hover around 7,000 to 8,000 units. Despite the tough market conditions, CDL performed credibly for project launches in 2014 – Coco Palms and Commonwealth Towers. Both projects launched in May were respectively the first and second best-selling project for that month in terms of sales volume. Coco Palms went on to become one of the top-selling projects in 2014.

According to the Monetary Authority of Singapore (MAS), the global economic outlook is mixed and growth will be uneven across regions. The US is expected to see stronger growth relative to other developed economies with improved private consumption in 2015, benefitting the export-oriented ASEAN economies. The US-led recovery, however, will be partly offset by economic weaknesses in the Eurozone, Japan and China. The MAS is forecasting Singapore's economic growth to remain moderate at between 2.0% and 4.0% for 2015.

Given the various headwinds, a large incoming supply of completed residential units and the possibility of continued rising interest rates, demand in the residential market is likely to remain subdued and prices will continue to moderate, possibly at a sharper pace.


*The 845-unit Commonwealth Towers is conveniently located on the city fringe, next to Queenstown MRT station.*

**Office**

URA statistics showed that the overall price index for office space increased by 4.5% in 2014, compared to 5.2% in 2013. The overall rental index for office space shot up by 9.8% in 2014, accelerating from the 1.3% climb in 2013. The island-wide occupancy rate at the end of 2014 dipped to 89.8%, from 90.1% in 2013. Total available office space as at end of 2014 was approximately 81.3 million square feet (sq ft). About 11.4 million sq ft of new office space is expected between 2015 and 2019. Real estate advisory firm CB Richard Ellis (CBRE) forecasts that supply of office space will remain tight until the second half of 2016. Therefore, office rents should continue to rise, albeit at a slower pace.

In 2014, Singapore was ranked the world's easiest place to do business by the World Bank and the second most competitive city in the world by the World Economic Forum. In the long run, the global economic gravity will continue to shift to Asia, and Singapore is in pole position to become a top global city. As a result, the prospects for the office market, especially the Grade A segment, will remain favourable.

**Retail**

According to URA statistics, the island-wide occupancy rate of shop space for 2014 declined marginally to 94.2%, from 95.5% in 2013. Rentals rose by 0.9%, against a decrease of 0.8% in 2013. Prices increased by 0.9% in 2014, compared with an increase of 4.6% in 2013.

Overall, the retail climate was challenging in 2014. Escalating operating costs exerted much pressure on retailers. According to CBRE, tenants were more resistant towards rental increases, given the growth in retail supply which provided more options. According to Colliers, the dynamics for the retail real estate market in 2014 will likely remain in 2015. Colliers estimates that 1.2 million sq ft of retail space will be completed in 2015. Overall, demand should keep up with supply, with new spaces being filled up by mainstay retailers and anchor tenants. Colliers expects rental growth for prime retail space in Orchard Road to range between -1% and 1%, and 0% to 2% for the suburban retail areas in 2015.

**Hotel**

The Singapore tourism industry recorded a drop in tourist arrivals in 2014. Singapore Tourism Board (STB) statistics showed that 15.1 million visitors visited Singapore in 2014, a decrease of 3.1% year-on-year.

STB's statistics also showed that the overall hotel average room rate (ARR) in 2014 was about $257.70, a slight decrease of 0.2% compared to 2013. The Luxury and the Economy segments posted year-on-year increases of the ARR at 5.9% (ARR of $461.80) and 8.7% (ARR of $109.10) respectively in 2014. For the same period, the Upscale and Mid-tier segments posted year-on-year decreases of 0.9% (ARR of $266.20) and 2.8% (ARR of $185.20) respectively. The overall average occupancy rate in 2014 was 85.5%, a drop of 0.9% from 2013.

Singapore was awarded the Top International Meeting Country for the third year in 2014, testament to its position as a top tourists' destination. Strong fundamentals such as political stability, a safe environment for tourists and a vibrant economy continue to support Singapore's tourism.

## OVERSEAS MARKETS

**US**

US economic recovery continued in 2014 with a GDP growth rate of 3.9%, allowing the Federal Reserve to wind down its Quantitative Easing programme. As the economic recovery continues, the Federal Reserve is expected to raise interest rates in 2015 for the first time since 2006. However, reduced commodity prices have kept the outlook for inflation benign, resulting in lower medium term interest rate expectations. 2014 was a strong year overall for the US real estate sector, with capital value growth across residential, offices, retail, industrial and hotel sectors. As job growth remains healthy along with rising consumer and business confidence, we remain positive on the outlook for the housing market in 2015.

Millennium & Copthorne Hotels plc (M&C) acquired the Novotel New York Times Square in 2014, and its US network now spans 19 hotels.


*The Novotel New York Times Square is within walking distance of New York's famed attractions such as Times Square, Central Park and Fifth Avenue.*

# MARKET REVIEW

**UK**
The UK economy is experiencing above trend growth despite easing in the latter part of 2014. With UK growth for 2014 estimated at 2.6%, growth for the year was the best since 2007. Consensus Treasury forecasts growth of 2.6% in 2015 before easing to 2.4% in 2016.

London with its politically-stable economy will likely outperform the UK on average. Therefore, domestic and international demand for real estate is forecast to continue, leading to capital value growth.

Meanwhile, growth in consumer spending is supported by falling oil prices. A note of caution is sounded about rising construction tender prices, but overall the prospects for real estate are positive.

Political events may have an influence in the medium term. A UK general election in May, followed by the London mayoral election in 2016, may have some bearing on real estate. However, we expect the underlying strength of the economy to offer some protection from political risk and while we continue to be diligent in the assessment of new investments, we have reason to be cautiously optimistic about the outlook for London.

As at 2014, CDL has invested about £157.0 million in six prime freehold properties in London for real estate development. The Group is planning to market its Reading, Belgravia, Chelsea and Knightsbridge projects in Q2 2015. M&C also purchased the all-suite, 5-star hotel – The Chelsea Harbour Hotel – situated in London's upscale Chelsea Harbour area.

**Japan**
In 2014, the Bank of Japan reaffirmed its commitment to Abenomics by expanding its Quantitative Easing programme to ¥80 trillion per year. This has fueled further compression in real estate capitalisation rates as investment activity remains buoyant, with over US$30 billion of direct commercial real estate transactions.

Meanwhile, Tokyo condominiums have increased by 18% in value since 2013. We expect monetary policy and foreign investment policy to remain accommodative as structural reforms are implemented and we forecast demand to remain robust as the country gears up for the 2020 Olympic Summer Games.

In 2014, CDL acquired a high-end residential site in Tokyo. M&C opened its first flagship hotel in Japan, the Millennium Mitsui Garden Hotel Tokyo, in the Ginza district. CDL Hospitality Trusts acquired two hotels – Hotel MyStays Asakusabashi in central Tokyo and Hotel MyStays Kamata near Tokyo's Haneda Airport. The Group will continue to seek opportunities in the country.

**China**
The difficult transition towards a lower, more sustainable growth rate under the leadership of Xi Jinping continues to present both opportunities, and risks, in the real estate sector.


*Eling Residences in the Yuzhong district of Chongqing is the first residential project in China to receive the Building and Construction Authority's Green Mark Platinum Award.*

A strong anti-corruption drive, tight credit conditions and large amounts of housing inventory have created an atmosphere of caution amongst buyers, with prices falling across 70 cities between 1% and 4.3% year-on-year in the last four months of 2014. However, we continue to believe in the longer term potential for China, and in the immediate term, we expect the relaxation of mortgage policies, home purchase restrictions and easing of credit conditions to improve demand. As such, we remain fully committed towards developing our China operations.

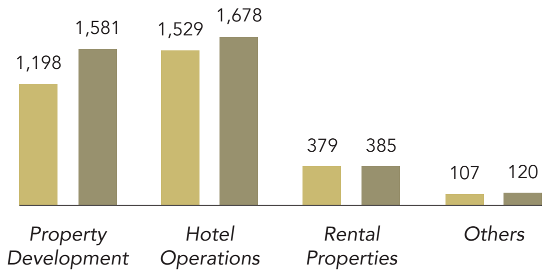
In 2014, CDL China Limited gained a foothold in Shanghai by acquiring Shanghai Jingwen Zhaoxiang Real Estate Limited for RMB 799 million, adding to its portfolio of Eling Residences and the Huang Huayuan site in Chongqing's Yuzhong district, as well as Suzhou Hong Leong City Center. M&C also opened its first resort in China, the Millennium Resort Hangzhou, bringing the total number of properties it has in the country to 11.

**Australia**
While Australia continues to experience a period of ongoing economic expansion, with GDP increasing by 2.75% in 2014, this was below the long term average of 3.25% given price declines in the commodity sector.

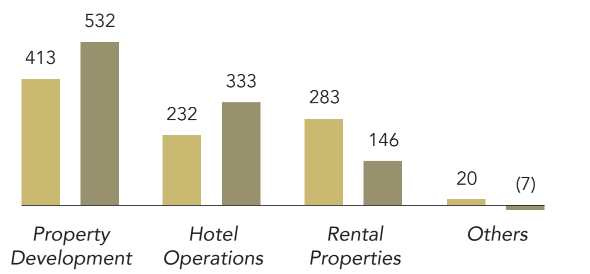
However, as investors search for yield globally, Australia, with its relatively higher yielding assets and depreciating currency, should continue to attract a disproportionate share of global real estate investments.

With a further 0.25% interest rate cut in January 2015, we expect investment activity to remain elevated as monetary conditions remain accommodative, together with expected improvements in job growth and non-mining capital expenditure in the second half of 2015. CDL remains on the lookout for opportunities amidst a highly competitive investment market.

REVENUE BY ACTIVITY ($ million)




PROFIT BEFORE INCOME TAX BY ACTIVITY* ($ million)




*Notes:*
* *Includes share of after-tax profit of associates and joint ventures.*
** *The 2013 comparative figures were restated to take into account the retrospective adjustments arising from the adoption of FRS 110 – Consolidated Financial Statements.*

## PROPERTY DEVELOPMENT

Revenue increased by $383.1 million to $1,581.2 million (FY 2013: $1,198.1 million) for FY 2014. Pre-tax profit increased by $118.7 million to $531.6 million (FY 2013: $412.9 million) for FY 2014.

The significant increase in revenue for FY 2014 was primarily due to the entire recognition from an executive condominium (EC), Blossom Residences which obtained Temporary Occupation Permit (TOP) in September 2014. Under prevailing accounting standards, both revenue and profit for ECs are recognised in entirety only upon TOP. In addition, maiden contribution from Jewel @ Buangkok and D'Nest, together with higher contribution from $H_2O$ Residences and The Palette also attributed to the increase. The increase was however partially offset by absence of contributions from Hundred Trees, Cube 8 and Tree House that were completed in 2013 as well as lower contribution from The Glyndebourne and 368 Thomson.

The increase in pre-tax profit for FY 2014 was in-line with the higher revenue achieved coupled with the recognition of a gain arising from loss of control in Cityview Place Holdings Pte. Ltd. (Cityview) following the completion of the sale of its cash flows. Substantial portion of the gain was accounted under this segment as Cityview owns the apartments at The Residences at W Singapore – Sentosa Cove. This increase was however partially offset by allowances for foreseeable losses made in 2014 for certain Singapore residential projects.

## HOTEL OPERATIONS

Revenue for this segment increased by $148.9 million to $1,678.3 million (Restated FY 2013: $1,529.4 million) for FY 2014 whilst pre-tax profits increased by $101.2 million to $332.8 million (Restated FY 2013: $231.6 million) for FY 2014.

The increase in revenue for FY 2014 were primarily due to contributions from three newly acquired hotels, The Chelsea Harbour Hotel, Novotel New York Times Square and Grand Hotel Palace Rome, and higher contribution from recently refurbished hotels, including Grand Hyatt Taipei and Millennium Hotel Minneapolis. RevPAR in all regions, except Singapore, had shown improvement with the United States and Australasia being the strongest performance regions.

The increases in pre-tax profit for FY 2014 was in tandem with the increases in revenue as well as a result of tight cost control and closure of the unprofitable Millennium St Louis in January 2014. In addition, a portion of the gain arising from the loss of control in Cityview was accounted under this segment as it owns W Singapore – Sentosa Cove. Further, there was no impairment loss made on hotel this year as compared to an impairment of $23.7 million provided in 2013 on a hotel in United States.

## RENTAL PROPERTIES

Revenue for this segment remained relatively steady at $384.7 million (Restated FY 2013: $378.9 million) for FY 2014.

Pre-tax profit decreased by $137.7 million to $145.9 million (Restated FY 2013: $283.6 million) for FY 2014 primarily attributed to the absence of substantial gains on disposal of non-core investment properties. In 2013, profit was recognised from the sale of an industrial site at 100G Pasir Panjang, disposal of equity interest in a subsidiary, several strata units in Citimac Industrial Complex, Elite Industrial Building I, Elite Industrial Building II and 2 strata floors of GB Building. The decrease was however offset by a portion of gain recognised from loss of control in Cityview being accounted under this segment as it owns Quayside Isle, coupled with no impairment made on investment properties this year. Last year, an impairment of $2.3 million was provided on an investment property located in Japan.

## OTHERS

Revenue, comprising mainly income from building maintenance contracts, project management, club operations and dividend income, increased by $12.8 million to $119.8 million (FY 2013: $107.0 million) for FY 2014 due to higher management fee income.

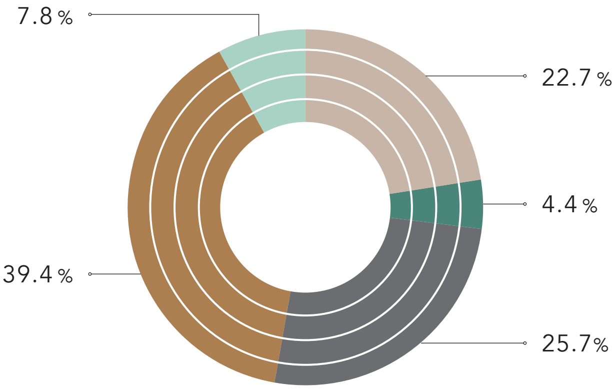
Pre-tax loss of $6.6 million (FY 2013: pre-tax profit of $19.9 million) was reported for FY 2014. The loss for FY 2014 was mainly attributable to impairment loss made on an available-for-sale financial asset. In addition, the Group's share of loss in its associate, First Sponsor Group Limited in FY 2014 vis-à-vis share of its profit last year had also attributed to the loss.

# PROPERTY PORTFOLIO ANALYSIS

Investment Properties as at 31 December 2014 (CDL's attributable share)

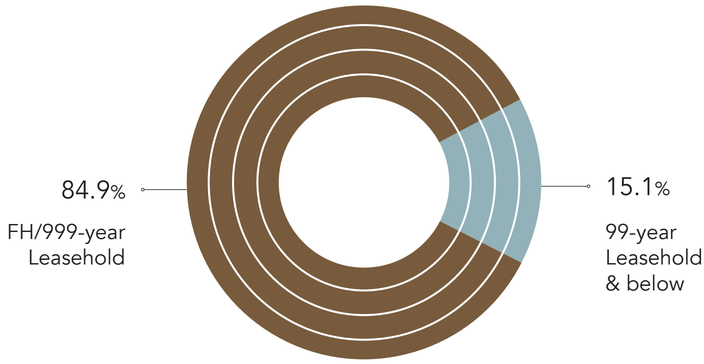
## ANALYSIS BY SECTOR

Total lettable: 7.2 million square feet

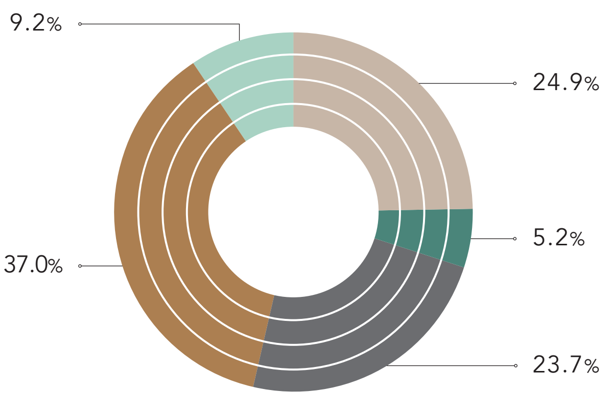



## ANALYSIS BY TENURE

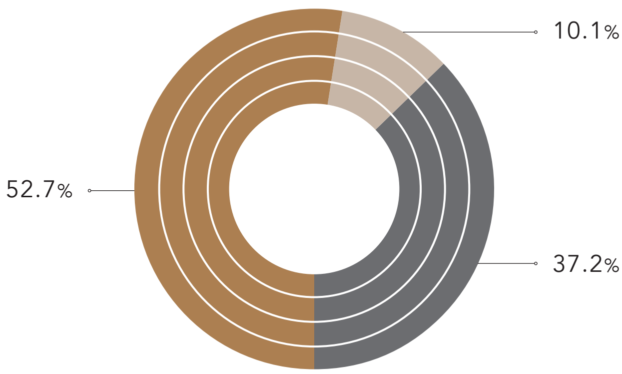
Total lettable: 7.2 million square feet




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




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




Office Industrial Retail Residential Others

# PROPERTY PORTFOLIO ANALYSIS

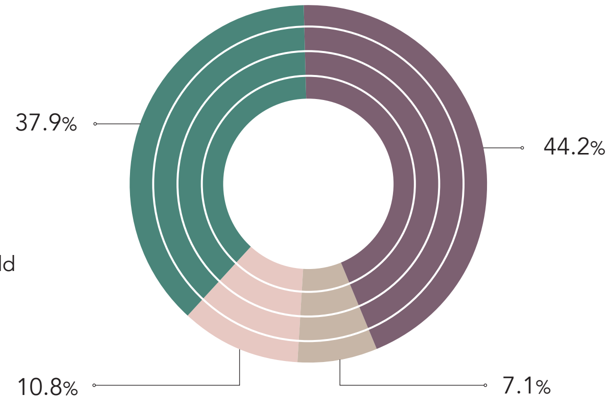
Land Bank as at 31 December 2014 (CDL's attributable share)

## ANALYSIS BY TENURE

Total: 2.72 million square feet

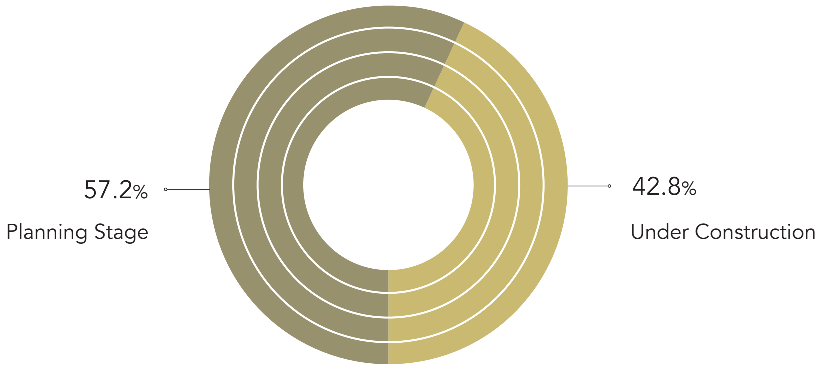

## ANALYSIS BY SECTOR

Total: 2.72 million square feet



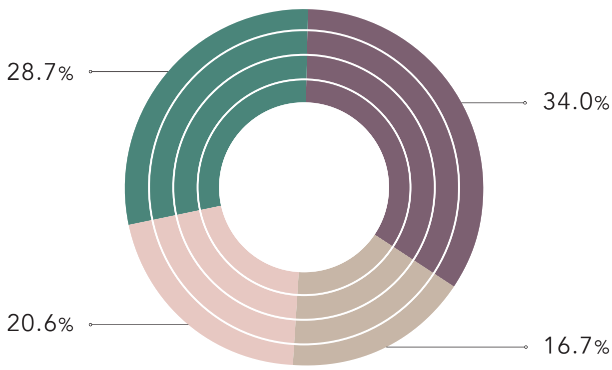

## ANALYSIS BY DEVELOPMENT STAGE

Total: 2.72 million square feet




Planning Stage
Breakdown by Sector
Total: 1.56 million square feet


Under Construction
Breakdown by Sector
Total: 1.16 million square feet




Residential | Residential – Overseas | Commercial & Hotel Projects | Commercial & Hotel Projects – Overseas

# MAJOR PROPERTIES

As at 31 December 2014

| SINGAPORE PROPERTIES | Tenure | Site Area (Sq. Metres) | Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres) | Effective Group Interest[1] (%) |
|---|---|---|---|---|
| **COMMERCIAL PROPERTIES** | | | | |
| 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 | 72,695 | 100 |
| Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road. | 99-year lease wef 15.05.1993 | 4,806 | 5,078 | 100 |
| Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road. | Freehold | 2,828 | 12,149 | 100 |
| New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road. | 999-year lease[2] | 39,798 | 56,040 | 42.8 |
| City House is a 23-storey office building situated at Robinson Road/Cross Street within the Central Business District. | 999-year lease | 1,272 | 14,601 | 100 |
| City Square Mall is an 11-storey shopping mall located at the junction of Serangoon and Kitchener Roads. | Freehold | 14,920 | 41,871 | 100 |
| Fuji Xerox Towers is a part 15-storey/part 38-storey commercial office building situated at the intersection of Anson Road, Keppel Road, Tanjong Pagar Road and Bernam Street, near the western fringe of the Central Business District. | Freehold | 5,394 | 32,930 | 100 |
| Manulife Centre is an 11-storey commercial building located at 51 Bras Basah Road. | 999-year lease | 4,972 | 22,437 | 100 |
| Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road. | Freehold | 2,709 | 10,241 | 100 |
| Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road. The Group owns 124 out of 150 strata-titled units. | Freehold | 1,882 | 6,621 | 100 |
| Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road. The Group owns 62 out of 180 strata-titled units. | Freehold | 14,152 | 9,597 | 100 |
| Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane. | Freehold | 5,478 | 12,436 | 100 |
| City Industrial Building is an 11-storey flatted factory building at Tannery Lane. | Freehold | 3,150 | 11,837 | 100 |

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

| SINGAPORE PROPERTIES | Tenure | Site Area (Sq. Metres) | Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres) | Effective Group Interest[1] (%) |
|---|---|---|---|---|
| **COMMERCIAL PROPERTIES** | | | | |
| Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road, within the Orchard Road tourist district. The Group owns 83 out of 362 strata-titled units and 325 carpark lots. | Freehold | 6,365 | 6,285 | 61 |
| The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District. The Group owns 19 out of 127 strata-titled units. | 999-year lease | 2,035 | 4,411 | 100 |
| Katong Shopping Centre is a 7-storey shopping-cum-office complex situated along Mountbatten Road. The Group owns 60 out of 425 strata-titled units and 323 carpark lots. | Freehold | 8,167 | 8,243 | 100 |
| Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane. | Freehold | 7,418 | 12,066 | 100 |
| King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River. | 99-year lease wef 09.02.1984 | 5,186 | 8,393 | 100 |
| 7 & 9 Tampines Grande is a pair of 8-storey new generation green office buildings located at Tampines Regional Centre. | 99-year lease wef 20.08.2007 | 8,000 | 26,687 | 100 |
| 11 Tampines Concourse is a 3-storey office building located at Tampines Ave 5. It is the first CarbonNeutral® development in Singapore and Asia Pacific. | 15-year lease wef 18.02.2008 | 11,521 | 9,694 | 100 |
| Quayside Isle is a 2-storey F&B and retail waterfront development located next to W Singapore – Sentosa Cove. | 99-year lease | 8,332 | 4,099 | 37.5[3] |
| **HOTELS** | | | | |
| Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock Road/Kim Seng Road, along the Singapore River. | Freehold (Retail) Freehold reversionary interest (Hotel)[2] | 10,860 | 2,916 (Retail) 46,169 (Hotel) | 100 |
| The St. Regis Singapore is a 20-storey, 299-room luxury hotel that is located at Tanglin Road/Tomlinson Road. | 999 years | 6,677 | 30,844 | 33 |
| W Singapore – Sentosa Cove is a 7-storey, 240-room luxury hotel that is located at Ocean Way. | 99-year lease | 17,016 | 23,805 | 37.5[3] |
| **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 |

*Notes:*
(1) *For strata-titled properties, this % refers to the Group's effective interest in the strata-titled units owned by the Group.*
(2) *The Group has reversionary interest of the property at the expiry of the 75-year lease sold to third party.*
(3) *Property is held by Cityview Place Holdings Pte. Ltd. (Cityview). Although the Group is the legal owner of the entire equity interests in Cityview, management has determined that it does not have control over Cityview upon the sale of cash flows in Cityview. The Group has significant influence in Cityview through Sunbright Holdings Limited.*

# MAJOR PROPERTIES

As at 31 December 2014

| OVERSEAS PROPERTIES | Tenure | Site Area (Sq. Metres) | Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres) | Effective Group Interest (%) |
|---|---|---|---|---|
| **COMMERCIAL PROPERTIES** | | | | |
| Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan. | Freehold | 887 | 6,396 | 100 |
| Exchange Tower is a 42-storey retail-cum-office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand. | Freehold | 6,464 | 40,923 | 39 |
| Jungceylon Shopping Mall and Millennium Resort Patong Phuket is a mixed development comprising a 4-storey retail mall and a 418-room hotel, located in the commercial area of Patong, Phuket Island, Thailand. | Freehold | 87,359 | 63,914 (Retail) 44,741 (Hotel) | 49 |
| Mille Malle is a 4-storey retail mall located in the prime residential and commercial district at Sukhumvit Road, Bangkok, Thailand. | Freehold | 1,920 | 2,970 | 49 |
| Biltmore Court & Tower is situated at 500/520 South Grand Avenue, Los Angeles, CA 90071, comprising the Court which has 22,133 sq. metres of Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,116 sq. metres of Class "A" office space. 299 carpark spaces are allocated to the two office spaces. | Freehold | 4,951 | 34,249 | 61 |
| Humen International Cloth Centre is located in Boyong Village, Guangdong Province, China, comprising 145 commercial units and 11 serviced apartments. | Leasehold to year 2063 | Not Applicable | 3,466 | 22 |
| Chengdu Cityspring is located in Chengdu Hi-Tech Industrial Development Zone, Sichuan Province, China, comprising M Hotel, Chengdu, which is classified as property, plant and equipment; 21,875 sq. metres of commercial space in the same building as M Hotel Chengdu, which is earmarked for potential future expansion of the hotel; and 6,456 sq. metres of commercial and retail spaces for rental, which are accounted for as investment properties. | Leasehold to year 2049 | Not Applicable | 47,518 | 22 |

| | | | | |
|---|---|---|---|---|
| **HOTELS** | | | | |
| Millennium Hilton Bangkok is a 32-storey, 544-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand. | Freehold | 10,104 | 78,345 | 17 |
| Iris Congress Hotel comprises an 8-storey, 211-room hotel and a 9-storey, 44-unit apartment building located at Korovinskoe Chausee, Moscow, Russia. | 49 years | 26,714 | 27,254 | 50 |
| Millennium Mitsui Garden Hotel Tokyo, a 329-room hotel located at 5-11-1 Ginza, Chuo-Ku, Tokyo 104-0061, Japan. | Freehold/ Leasehold - 30 years from March 25, 2009 | Not Applicable | 1,040 130 | 73 |

# MAJOR PROPERTIES FOR DEVELOPMENT AND/OR RESALE

As at 31 December 2014

| Description & Location | Site Area (Sq. Metres) | Tenure | Effective Group Interest (%) |
|---|---|---|---|
| **RESIDENTIAL** | | | |
| Jalan Kolam Ayer, Johor Bahru, Malaysia | 24,739 | Freehold | 100 |
| Jalan Waspada, Johor Bahru, Malaysia | 6,368 | Freehold | 100 |
| 15, 19 & 21 Swiss Club Road | 20,014 | Freehold | 100 |
| Tampines Road/Upper Changi Road North | 22,534<br>14,013 | 99 years<br>Freehold | 33<br>33 |
| Land Parcel at Canberra Drive | 28,563 | 99 years | 70 |
| Land Parcel A at Yishun Street 51 | 17,965 | 99 years | 70 |
| 28 Pavilion Road, Knightsbridge London | 1,315 | Freehold | 100 |
| 31-35 Chesham Street, Belgravia, London | 133 | Freehold | 100 |
| Emerald House, Lansdowne Road Croydon, London | 4,038.5 | Freehold | 100 |
| 90-100 Sydney Street, Chelsea, London | 280 | Freehold | 100 |
| 32 Hans Road, Knightsbridge, London | 175 | Freehold | 100 |
| 202 Kings Road Reading, Berkshire | 3,399 | Freehold | 100 |
| Prime freehold site in Shirokane, Tokyo | 16,815 | Freehold | 94.52 |
| **MIXED DEVELOPMENT** | | | |
| Chongqing Huang Huayuan, Yuzhong District, China | 23,512 | Residential - 50 years<br>Commercial - 40 years | 100 |
| **HOTEL** | | | |
| Land Site at Chung-gu, Namdaeumro, Seoul, South Korea | 1,564 | Freehold | 61 |

# MAJOR PROPERTIES IN THE COURSE OF DEVELOPMENT

As at 31 December 2014

| Description | Location | Site Area (Sq. Metres) | Gross Floor Area (Sq. Metres) | Tenure | Effective Group Interest (%) | Approximate Percentage Completion (%) | Expected Completion Date |
|---|---|---|---|---|---|---|---|
| **RESIDENTIAL** | | | | | | | |
| Bartley Residences | Lorong How Sun | 22,094 | 68,052 | 99 years | 30 | 83 | 2015 |
| Eling Residences | Chongqing Eling Hill, Yuzhong District | 27,197 | 35,486 | 50 years | 100 | 50 | 2015 |
| Gramercy Park | Grange Road | 15,718 | 33,008 | Freehold | 100 | 53 | 2015 |
| HAUS@ SERANGOON GARDEN | Serangoon Garden Way | 28,402 | N.A. | 99 years | 70 | 60 | 2015 |
| Hedges Park Condominium | Flora Drive | 30,679 | 42,949 | 99 years | 33 | 99 | 2015 |
| $H_2O$ Residences | Sengkang West Avenue/Fernvale Link | 16,998 | 56,096 | 99 years | 100 | 92 | 2015 |
| The Inflora | Flora Drive | 21,700 | 30,380 | 99 years | 33 | 37 | 2015 |
| The Palette | Pasir Ris Grove | 42,857 | 90,000 | 99 years | 51 | 85 | 2015 |
| The Rainforest | Choa Chu Kang Drive | 17,590 | 49,251 | 99 years | 50 | 91 | 2015 |
| Bartley Ridge | Mount Vernon Road | 20,811 | 79,624 | 99 years | 30 | 30.6 | 2016 |
| Echelon | Alexandra View | 9,953 | 48,768 | 99 years | 50 | 21 | 2016 |
| Jewel @ Buangkok | Buangkok Drive/ Sengkang Central | 18,341 | 55,023 | 99 years | 100 | 34 | 2016 |
| Lush Acres | Sengkang West Way | 14,101 | 42,302 | 99 years | 100 | 29 | 2016 |
| New Futura | Leonie Hill Road | 8,086 | 23,066 | Freehold | 100 | 15 | 2016 |
| Commonwealth Towers | Commonwealth Avenue | 12,087 | 59,225 | 99 years | 30 | * | 2017 |
| D'Nest | Pasir Ris Grove | 41,275 | 86,678 | 99 years | 51 | 23 | 2017 |
| Coco Palms | Pasir Ris Grove/ Pasir Ris Drive 1 | 41,514 | 87,179 | 99 years | 51 | * | 2018 |
| **MIXED DEVELOPMENT** | | | | | | | |
| South Beach Project | Beach Road | 34,959 | 153,067 | 99 years | 50.1 | 69.5 | 2015 |
| Robertson Quay Mixed Development | Robertson Quay | 4,518 | 12,651 | 99 years | 100 | 35 | 2016 |
| Boulevard Hotel Site | Cuscaden Road/ Orchard Boulevard | 12,127 | 56,050 | Freehold | 40 | * | 2017 |
| Hong Leong City Center | Suzhou Jinji Lake, SIP District, China | 45,455 | 295,397 | Residential - 70 years Commercial - 40 years | 70 | 30 | 2017 |
| The Venue Residences and Shoppes | Tai Thong Crescent | 8,200 | 28,702 | 99 years | 60 | 16 | 2017 |

* *Work less than 10% completed.*

# MAJOR PROPERTIES

As at 31 December 2014

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **Owned by MILLENNIUM & COPTHORNE HOTELS PLC** | | | | |
| **ASIA** | | | | |
| Grand Millennium Beijing<br>Fortune Plaza, 7 Dongsanhuan Middle Road, Chaoyang District, Beijing 100020 China | Leasehold to year 2046 (hotel)<br>Leasehold to year 2056 (underground car park) | 9,268 | 510 | 43 |
| Grand Millennium Kuala Lumpur<br>160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia | Freehold | 7,620 | 459 | 61 |
| JW Marriott Hotel Hong Kong<br>Pacific Place, 88 Queensway, Hong Kong | 75-year term from 18.04.1985 and may be renewable for a further term of 75 years | 10,690 | 602 | 16 |
| Millennium Hotel Sirih Jakarta<br>Jalan Fachrudin 3, Jakarta 10250, Indonesia | The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively | 7,349 | 401 | 49 |
| Millennium Seoul Hilton<br>50 Sowol-ro, Jung-gu, Seoul, Korea 100-802 | Freehold | 18,760 | 679 | 61 |
| Copthorne Orchid Hotel Penang<br>Jalan Tanjung Bungah, 11200 Penang, Malaysia | Freehold | 10,329 | 307 | 61 |
| The Heritage Hotel Manila<br>Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines | Fee Simple | 9,888 | 450 | 40 |
| Grand Hyatt Taipei<br>Taipei World Trade Centre, Sung Shou Road, Taipei, Taiwan | 50-year term extendable for another 30 years wef 07.03.1990 | 14,317 | 853 | 50 |
| Grand Millennium Sukhumvit Bangkok<br>Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand | 30-year term from 02.02.2005 with option to renew for a further term of 30 years | 5,053 | 325 | 31 |
| New World Millennium Hong Kong Hotel<br>72 Mody Road. Tsimshatsui East, Kowloon, Hong Kong | 75-year term from 28.11.1984 and may be renewable for a further term of 75 years | 2,850 | 464 | 31 |

# MAJOR PROPERTIES

As at 31 December 2014

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **EUROPE** | | | | |
| The Chealsea Harbour Hotel<br>Chelsea Harbour, London,<br>SW10 0XG, England | Leasehold to year 2112 | 2,561 | 158 | 61 |
| Copthorne Hotel Aberdeen<br>122 Huntly Street,<br>Aberdeen AB10 1SU, Scotland | Freehold | 1,302 | 87 | 51 |
| Copthorne Hotel Birmingham<br>Paradise Circus,<br>Birmingham B3 3HJ, England | Freehold | 2,188 | 211 | 61 |
| Copthorne Hotel Cardiff-Caerdydd<br>Copthorne Way, Culverhouse Cross,<br>Cardiff CF5 6DH, Wales | Freehold | 26,305 | 135 | 61 |
| Copthorne Hotel Effingham Gatwick<br>West Park Road, Copthorne,<br>West Sussex RH10 3EU, England | Freehold | 161,878 | 122 | 61 |
| Copthorne Hotel London Gatwick<br>Copthorne Way, Copthorne,<br>West Sussex RH10 3PG, England | Freehold | 404,694 | 227 | 61 |
| Copthorne Hotel Manchester<br>Clippers Quay, Salford Quays,<br>Manchester M50 3SN, England | Leasehold to year 2135 | 9,800 | 166 | 61 |
| Copthorne Hotel Merry Hill-Dudley<br>The Waterfront, Level Street, Brierley Hill,<br>Dudley, West Midlands DY5 1UR, England | Freehold | 13,734 | 138 | 61 |
| Copthorne Hotel Newcastle<br>The Close, Quayside, Newcastle upon Tyne<br>NE1 3RT, England | Freehold | 9,200 | 156 | 59 |
| Copthorne Hotel Plymouth<br>Armada Way, Plymouth PL1 1AR, England | Leasehold to year 2110 | 1,853 | 135 | 61 |
| Copthorne Hotel Slough-Windsor<br>Cippenham Lane, Slough,<br>Berkshire SL1 2YE, England | Freehold | 6,880 | 219 | 61 |
| Copthorne Tara Hotel London Kensington<br>Scarsdale Place, Kensington,<br>London W8 5SR, England | Freehold | 7,535 | 833 | 61 |
| Millennium Bailey's Hotel London Kensington<br>140 Gloucester Road, London SW7 4QH, England | Freehold | 1,923 | 211 | 61 |
| Millennium Gloucester Hotel & Conference<br>Center London Kensington<br>Harrington Gardens, London SW7 4LH, England | Freehold | 6,348 | 610 | 61 |
| Millennium Hotel Glasgow<br>George Square, Glasgow G2 1DS, Scotland | Leasehold to year 2109 | 9,398 | 116 | 61 |

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **EUROPE (CONTINUED)** | | | | |
| Millennium Hotel London Knightsbridge<br>17 Sloane Street, Knightsbridge,<br>London SW1X 9NU, England | Leasehold to year 2091 | 809 | 222 | 61 |
| Millennium Hotel London Mayfair<br>Grosvenor Square, Mayfair,<br>London W1K 2HP, England | Leasehold to year 2096 | 4,260 | 336 | 61 |
| Millennium Hotel Paris Opéra<br>12 Boulevard Haussmann,<br>75009 Paris, France | Freehold | 1,093 | 163 | 61 |
| Millennium Hotel Paris Charles de Gaulle<br>Zone Hoteliere, Allée du Verger,<br>95700 Roissy-en-France, France | Freehold | 11,657 | 239 | 61 |
| Grand Hotel Palace Rome<br>Via Veneto, 70, Rome, 00187, Italy | Freehold | 801 | 87 | 61 |
| **NORTH AMERICA** | | | | |
| Millennium Alaskan Hotel Anchorage<br>4800 Spenard Road, Anchorage,<br>AK 99517, USA | Freehold | 20,639 | 248 | 61 |
| Millennium Biltmore Hotel Los Angeles<br>506 South Grand Avenue, Los Angeles,<br>CA 90071, USA | Freehold | 11,331 | 683 | 61 |
| Millennium Bostonian Hotel Boston<br>26 North Street, At Faneuil Hall Marketplace,<br>Boston, MA 02109, USA | Freehold | 2,796 | 201 | 61 |
| Millennium Harvest House Boulder<br>1345 28th Street, Boulder,<br>CO 80302, USA | Freehold | 64,019 | 269 | 61 |
| Millennium Hotel Buffalo<br>2040 Walden Avenue, Buffalo,<br>NY 14225, USA | Leasehold to year 2022<br>(with one 10-year option) | 31,726 | 300 | 61 |
| Millennium Knickerbocker Hotel Chicago<br>163 East Walton Place, Chicago,<br>IL 60611, USA | Freehold | 2,007 | 306 | 61 |
| Millennium Hotel Cincinnati<br>150 West Fifth Street, Cincinnati,<br>OH 45202, USA | Freehold | 6,839 | 872 | 61 |
| Millennium Hotel Durham<br>2800 Campus Walk Avenue, Durham,<br>NC 27705, USA | Freehold | 42,814 | 316 | 61 |

# MAJOR PROPERTIES

As at 31 December 2014

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **NORTH AMERICA (CONTINUED)** | | | | |
| Millennium Hotel Minneapolis<br>1313 Nicollet Mall, Minneapolis,<br>MN 55403, USA | Leasehold to year 2030 | 4,537 | 321 | 61 |
| Millennium Maxwell House Nashville<br>2025 Rosa L. Parks Boulevard, Nashville,<br>TN 37228, USA | Leasehold to year 2030<br>(with two 10-year options) | 36,421 | 287 | 61 |
| Millennium Broadway Hotel New York<br>145 West 44th Street, New York,<br>NY 10036, USA | Freehold | 2,122 | 750 | 61 |
| ONE UN New York<br>1 UN Plaza, 44th Street at 1st Avenue,<br>New York 10017, USA | East tower freehold/<br>West tower leased to<br>year 2079 | 4,554 | 439 | 61 |
| Millennium Hotel St. Louis (Closed)<br>200 South 4th Street, St. Louis,<br>MO 63102, USA | Freehold | 17,033 | 780 | 61 |
| The McCormick Scottsdale<br>7401 North Scottsdale Road, Scottsdale,<br>AZ 85208, USA | Leasehold to year 2033<br>(with two 10-year options) | 32,819 | 125 | 61 |
| Millenium Hilton<br>55 Church Street, New York,<br>NY 10007, USA | Freehold | 1,680 | 569 | 61 |
| Novotel New York Times Square<br>226W 52nd Street, New York,<br>NY 10019, USA | Fee simple estate,<br>a leasehold interest,<br>and a leased fee interest | 1,977 | 480 | 61 |
| Maingate Lakeside Resort<br>7769 W Irlo Bronson Memorial Highway,<br>Kissimmee, FL 34747, USA | Freehold | 93,796 | 475 | 61 |
| Comfort Inn Near Vail Beaver Creek<br>161 West Beaver Creek Boulevard, Avon,<br>CO 81620, USA | Freehold | 11,209 | 146 | 61 |
| Pine Lake Trout Club<br>17021 Chillicothe Road, Chagrin Falls,<br>OH 44023, USA | Freehold | 331,121 | 6 | 61 |

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **NEW ZEALAND** | | | | |
| Copthorne Hotel Auckland City<br>150 Anzac Avenue, Auckland, New Zealand | Perpetual/Leasehold land | 2,495 | 110 | 46 |
| Copthorne Hotel Auckland Harbour City<br>196-200 Quay Street, Auckland, New Zealand | Freehold | 2,407 | 187 | 46 |
| Copthorne Hotel & Resort Bay of Islands<br>Tau Henare Drive, Paihia, New Zealand | Leasehold land to year 2021 (with a 30-year option) | 62,834 | 180 | 23 |
| Copthorne Hotel & Resort Queenstown Lakefront<br>Corner Adelaide Street & Frankton Road, Queenstown, New Zealand | Freehold | 18,709 | 240 | 46 |
| Copthorne Hotel Wellington Oriental Bay<br>100 Oriental Parade, Wellington, New Zealand | Freehold | 3,904 | 118 | 46 |
| Kingsgate Hotel Dunedin<br>10 Smith Street, Dunedin, New Zealand | Freehold | 2,193 | 55 | 46 |
| Kingsgate Hotel Greymouth<br>32 Mawhera Quay, Greymouth, New Zealand | Freehold/ Perpetual leasehold land | 2,807 | 98 | 46 |
| Copthorne Hotel Palmerston North<br>110 Fitzherbert Avenue, Palmerston North, New Zealand | Freehold | 15,514 | 151 | 46 |
| Copthorne Hotel Rotorua<br>Fenton Street, Rotorua, New Zealand | Freehold | 35,935 | 136 | 46 |
| Copthorne Hotel & Apartments Queenstown Lakeview<br>88 Frankton Road, Queenstown, New Zealand | Freehold | 4,713 | 85 | 46 |
| Kingsgate Hotel Te Anau<br>20 Lakefront Drive, Te Anau, New Zealand | Freehold | 8,819 | 94 | 46 |
| Millennium Hotel Queenstown<br>Corner Frankton Road & Stanley St., Queenstown, New Zealand | Freehold | 7,453 | 220 | 46 |
| Millennium Hotel Rotorua<br>Corner Eruera & Hinemaru Streets, Rotorua, New Zealand | Freehold/ Perpetual leasehold land | 10,109 | 227 | 46 |

# MAJOR PROPERTIES

As at 31 December 2014

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **Owned by CITY E-SOLUTIONS LIMITED** | | | | |
| NORTH AMERICA | | | | |
| Crown Plaza Syracuse Hotel<br>701 East Genesee Street,<br>Syracuse, New York 13210, USA | Fee Simple | 4,925.25 | 279 | 27 |
| Sheraton Chapel Hill Hotel<br>1 Europa Drive,<br>Chapel Hill, North Carolina, USA | Fee Simple | 20,072.45 | 168 | 27 |
| **Owned by CDL HOSPITALITY TRUSTS** | | | | |
| SINGAPORE | | | | |
| Copthorne King's Hotel<br>403 Havelock Road, Singapore | 99-year leasehold interest commencing from 01.02.1968 | 5,637 | 310 | 22 |
| Grand Copthorne Waterfront Hotel#<br>392 Havelock Road, Singapore | 75-year leasehold interest commencing from 19.07.2006 | 10,860+ | 574 | 22 |
| M Hotel#<br>81 Anson Road, Singapore | 75-year leasehold interest commencing from 19.07.2006 | 2,134 | 413 | 22 |
| Novotel Singapore Clarke Quay<br>177A River Valley Road, Singapore | 97 years and 30 days leasehold interest commencing from 02.04.1980 | 12,925 | 403 | 22 |
| Orchard Hotel#<br>442 Orchard Road, Singapore | 75-year leasehold interest commencing from 19.07.2006 | 8,588@ | 656 | 22 |
| Claymore Connect#<br>(Previously Orchard Hotel Shopping Arcade)<br>442 Orchard Road, Singapore | 75-year leasehold interest commencing from 19.07.2006 | approximately 7,000* (net lettable area) | N.A. | 22 |
| Studio M Hotel<br>3 Nanson Road, Singapore | 99-year leasehold interest commencing from 26.02.2007 | 2,932 | 360 | 22 |

*Notes:*
- # *The Group has freehold reversionary interest of the property at the expiry of the 75-year lease.*
- @ *Including Claymore Connect (previously Orchard Hotel Shopping Arcade).*
- + *Including adjoining Waterfront Plaza.*
- * *Asset enhancement initiative (AEI) to be completed by second quarter of 2015, subject to resurvey post AEI.*

| HOTELS | Tenure | Approximate Site Area (Sq. Metres) | Number of Rooms | Effective Group Interest (%) |
|---|---|---|---|---|
| **AUSTRALIA** | | | | |
| Novotel Brisbane<br>200 Creek Street, Brisbane, Queensland | Strata volumetric freehold | 6,235 | 296 | 22 |
| Mercure & Ibis Brisbane<br>85-87 North Quay/27-35 Turbot Street, Brisbane, Queensland | Interconnected at ground level, situated on one freehold title | 3,847 | 412 | 22 |
| Mercure Perth<br>10 Irwin Street, Perth, Western Australia | Strata freehold | 757 | 239 | 22 |
| Ibis Perth<br>334 Murray Street, Perth, Western Australia | Freehold | 1,480 | 192 | 22 |
| **NEW ZEALAND** | | | | |
| Rendezvous Grand Hotel Auckland<br>71-87 Mayoral Drive, Auckland, New Zealand | Freehold | 5,910 | 452 | 22 |
| **MALDIVES** | | | | |
| Angsana Velavaru<br>Velavaru Island, South Nilandhe Atoll, Republic of Maldives | 50-year leasehold interest commencing from 26.08.1997 | 67,717 | 113 | 22 |
| Jumeirah Dhevanafushi<br>Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives | 50-year leasehold interest commencing from 15.06.2006 | 53,576 | 35 | 22 |
| **JAPAN** | | | | |
| Hotel MyStays Asakusabashi<br>1-5-5, Asakusabashi, Taito-ku, Tokyo 111-0053, Japan | Freehold | 567 | 138 | 22 |
| Hotel MyStays Kamata<br>5-46-5, Kamata, Ota-ku, Tokyo 144-0052, Japan | Freehold | 497 | 116 | 22 |

## STATUTORY REPORTS AND ACCOUNTS

### FINANCIAL CONTENTS

# DIRECTORS' REPORT



We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

## DIRECTORS

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

| | |
|---|---|
| Kwek Leng Beng | (Executive Chairman) |
| Kwek Leng Joo | (Deputy Chairman) |
| Foo See Juan | |
| Kwek Leng Peck | |
| Tang See Chim | |
| Yeo Liat Kok Philip | |
| Tan Poay Seng | |
| Chan Soon Hee Eric | |
| Tan Yee Peng | (Appointed on 7 May 2014) |

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

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

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

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

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

| | Holdings in which the director, his spouse and infant children have a direct interest | |
|---|---|---|
| | At beginning of the year | At end of the year |
| **Subsidiaries (cont'd)** | | |
| **Millennium & Copthorne Hotels New Zealand Limited Ordinary Shares** | | |
| Kwek Leng Beng | 3,000,000 | 906,000 |
| **Redeemable Non-voting Preference Shares** | | |
| Kwek Leng Beng | – | 453,000 |
| **Related Corporations** | | |
| **Hong Leong Finance Limited Ordinary Shares** | | |
| Kwek Leng Beng | 5,603,567 | 5,603,567 |
| Kwek Leng Joo | 703,610 | 703,610 |
| Kwek Leng Peck | 517,359 | 517,359 |
| Foo See Juan | 30,000 | 30,000 |
| **Options to subscribe for the following number of ordinary shares under the Hong Leong Finance Share Option Scheme 2001** | | |
| Kwek Leng Beng | 3,336,000 | 3,136,000 |
| **Hong Leong Holdings Limited Ordinary Shares** | | |
| Kwek Leng Beng | 259,000 | 259,000 |
| Kwek Leng Joo | 210,000 | 210,000 |
| Kwek Leng Peck | 381,428 | 381,428 |
| **Hong Leong Asia Ltd. Ordinary Shares** | | |
| Kwek Leng Beng | 660,000 | 660,000 |
| Kwek Leng Peck | 1,680,000 | 1,680,000 |
| Foo See Juan | 40,000 | 40,000 |

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

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

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

The directors' interests in the Company as disclosed above remained unchanged as at 21 January 2015.

## DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

## SHARE OPTIONS

**By the Company**

During the financial year, there were:

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

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

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

**By Subsidiaries**

**Millennium & Copthorne Hotels plc (M&C)**

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

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;
(ii) Millennium & Copthorne Hotels plc 2006 Sharesave Scheme; and
(iii) Millennium & Copthorne Hotels plc Long-Term Incentive Plan.

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

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

## SHARE OPTIONS (CONT'D)

**By Subsidiaries (cont'd)**

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

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

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

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

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

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

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

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

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

(d) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 3,310 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 10,581 unissued shares under options pursuant to the M&C 2003 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

| Date granted | Balance at beginning of year | Exercised during the year | Expired/ Lapsed/ Forfeited during the year | Balance at end of year | Exercise price per share £ | Exercise period |
|---|---|---|---|---|---|---|
| **Part II (Unapproved)** | | | | | | |
| 24.03.2005 | 13,891 | (3,310) | – | 10,581 | 3.9842 | 24.03.2008 – 23.03.2015 |
| | 13,891 | (3,310) | – | 10,581 | | |

## SHARE OPTIONS (CONT'D)

**By Subsidiaries (cont'd)**

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

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

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

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

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

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

(e) M&C may grant options up to the value of a savings contract at maturity. Participants cannot enter into contracts where their savings, in aggregate, would exceed £500 per month.

(f) During the financial year under review, (i) 104,691 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 50,564 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 205,268 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 | Expired/ Forfeited during the year | Balance at end of year | Exercise price per share £ | Exercise period |
|---|---|---|---|---|---|---|---|
| 20.03.2008 | 204 | – | – | (204) | – | 3.2800 | 01.07.2013 – 31.12.2013 |
| 01.04.2009 | 32,312 | – | (32,312) | – | – | 1.5400 | 01.08.2014 – 31.01.2015 |
| 01.04.2010 | 1,320 | – | – | (1,320) | – | 3.3000 | 01.08.2013 – 31.01.2014 |
| 01.04.2010 | 2,166 | – | – | – | 2,166 | 3.3000 | 01.08.2015 – 31.01.2016 |
| 19.04.2011 | 21,790 | – | (18,252) | (690) | 2,848 | 4.1800 | 01.08.2014 – 31.01.2015 |
| 19.04.2011 | 7,349 | – | – | – | 7,349 | 4.1800 | 01.08.2016 – 31.01.2017 |
| 19.04.2012 | 45,337 | – | – | (2,039) | 43,298 | 3.8800 | 01.08.2015 – 31.01.2016 |
| 19.04.2012 | 9,816 | – | – | – | 9,816 | 3.8800 | 01.08.2017 – 31.01.2018 |
| 19.04.2013 | 52,867 | – | – | (11,603) | 41,264 | 4.4800 | 01.08.2016 – 31.01.2017 |
| 19.04.2013 | 6,694 | – | – | – | 6,694 | 4.4800 | 01.08.2018 – 31.01.2019 |
| 06.05.2014 | – | 96,757 | – | (12,589) | 84,168 | 4.4600 | 01.08.2017 – 31.01.2018 |
| 06.05.2014 | – | 7,934 | – | (269) | 7,665 | 4.4600 | 01.08.2019 – 31.01.2020 |
| | 179,855 | 104,691 | (50,564) | (28,714) | 205,268 | | |

## SHARE OPTIONS (CONT'D)

**By Subsidiaries (cont'd)**

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

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

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

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. Awards will not be subject to re-testing. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants are incentivised to deliver significant earnings growth.

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

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts).

In 2014, the Remuneration Committee further amended the performance conditions so that 50% of the awards are subject to EPS growth targets, 30% are subject to TSR target measures comparing performance against a relevant benchmark which for 2015 will be split equally between the FTSE 250 market index and an index of peer companies and 20% being subject to net asset value (plus dividends).

During the financial year under review, Performance Share Awards were made over 659,027 ordinary shares of £0.30 each in M&C. Details of the Performance Share Awards are set out below:

| Date of award | Balance at beginning of year | Awards made during the year | Awards vested during the year | Awards expired/ forfeited during the year | Balance at end of year | Vesting date |
|---|---|---|---|---|---|---|
| 28.11.2011 | 635,119 | – | (304,170) | (330,949) | – | 28.11.2014 |
| 16.08.2012 | 553,543 | – | – | (62,208) | 491,335 | 16.08.2015 |
| 11.09.2013 | 463,643 | – | – | (56,432) | 407,211 | 11.09.2016 |
| 21.11.2013 | 25,117 | – | – | (4,062) | 21,055 | 21.11.2016 |
| 04.04.2014 | – | 659,027 | – | (10,417) | 648,610 | 04.04.2017 |
| | 1,677,422 | 659,027 | (304,170) | (464,068) | 1,568,211 | |

## SHARE OPTIONS (CONT'D)

**By Subsidiaries (cont'd)**

**City e-Solutions Limited (CES)**

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

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

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

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

(iii) the nominal value of a CES share.

(c) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of HK$1.00 each in CES; and (ii) no ordinary shares of HK$1.00 each in CES were issued pursuant to the CES Scheme. The CES Scheme shall be valid and effective for a period of ten years ending on 26 April 2015, after which no further options will be granted.

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

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

## AUDIT & RISK COMMITTEE

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

Chan Soon Hee Eric (Chairman)
Foo See Juan
Tang See Chim
Tan Yee Peng

## AUDIT & RISK COMMITTEE (CONT'D)

The Audit & Risk Committee met six times during the financial year ended 31 December 2014 and performed the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit & Risk Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The Audit & Risk Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2014 as well as the auditors' report thereon.

The Audit & Risk Committee further reviewed the independence of the auditors, KPMG LLP, as required under Section 206 (1A) of the Companies Act, Chapter 50, and determined that the auditors were independent in carrying out their audit of the financial statements. Accordingly, they have recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

## AUDITORS

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

On behalf of the Board of Directors

**Kwek Leng Beng**
*Executive Chairman*

**Kwek Leng Joo**
*Deputy Chairman*

13 March 2015

# STATEMENT BY DIRECTORS



In our opinion:

(a) the financial statements set out on pages 105 to 230 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 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

**Kwek Leng Beng**
*Executive Chairman*

**Kwek Leng Joo**
*Deputy Chairman*

13 March 2015

# INDEPENDENT AUDITORS' REPORT

Members of the Company
City Developments Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 105 to 230.

*Management's responsibility for the financial statements*

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

*Auditors' responsibility*

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

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

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

*Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

**KPMG LLP**
Public Accountants and
Chartered Accountants

**Singapore**
13 March 2015

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

| | Note | Group 31/12/2014 $'000 | Group 31/12/2013 Restated* $'000 | Group 1/1/2013 Restated* $'000 | Company 31/12/2014 $'000 | Company 31/12/2013 $'000 |
|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 3 | **4,918,273** | 4,399,023 | 4,169,793 | **10,138** | 9,795 |
| Investment properties | 4 | **3,109,176** | 3,161,073 | 3,258,443 | **502,405** | 511,135 |
| Investments in: | | | | | | |
| – subsidiaries | 5 | **–** | – | – | **2,217,026** | 2,222,347 |
| – associates | 6 | **307,390** | 264,818 | 177,622 | **–** | – |
| – joint ventures | 7 | **821,088** | 772,266 | 806,956 | **36,360** | 36,360 |
| Lease premium prepayment | | **119,170** | 119,262 | 82,798 | **–** | – |
| Financial assets | 8 | **76,460** | 85,116 | 102,132 | **28,419** | 29,700 |
| Other non-current assets | 9 | **19,646** | 15,639 | 72,578 | **461,766** | 407,881 |
| | | **9,371,203** | 8,817,197 | 8,670,322 | **3,256,114** | 3,217,218 |
| **Current assets** | | | | | | |
| Lease premium prepayment | | **3,833** | 3,507 | 2,484 | **–** | – |
| Development properties | 10 | **4,792,947** | 4,326,542 | 4,310,685 | **363,279** | 482,988 |
| Consumable stocks | | **11,181** | 8,424 | 8,838 | **1** | 1 |
| Financial assets | 8 | **35,232** | 36,534 | 32,585 | **–** | – |
| Assets classified as held for sale | | **–** | – | 103,698 | **–** | – |
| Trade and other receivables | 11 | **1,588,550** | 1,641,914 | 1,195,375 | **5,476,029** | 5,457,485 |
| Cash and cash equivalents | 14 | **3,897,574** | 2,719,578 | 2,198,329 | **2,118,494** | 1,367,264 |
| | | **10,329,317** | 8,736,499 | 7,851,994 | **7,957,803** | 7,307,738 |
| **Total assets** | | **19,700,520** | 17,553,696 | 16,522,316 | **11,213,917** | 10,524,956 |
| **Equity attributable to owners of the Company** | | | | | | |
| Share capital | 15 | **1,991,397** | 1,991,397 | 1,991,397 | **1,991,397** | 1,991,397 |
| Reserves | 16 | **6,418,730** | 5,740,000 | 5,198,539 | **3,869,847** | 3,447,897 |
| | | **8,410,127** | 7,731,397 | 7,189,936 | **5,861,244** | 5,439,294 |
| **Non-controlling interests** | | **2,365,474** | 2,484,439 | 2,467,524 | **–** | – |
| **Total equity** | | **10,775,601** | 10,215,836 | 9,657,460 | **5,861,244** | 5,439,294 |
| **Non-current liabilities** | | | | | | |
| Interest-bearing borrowings | 18 | **4,466,222** | 4,400,520 | 3,738,782 | **2,395,948** | 2,592,044 |
| Employee benefits | 22 | **31,071** | 37,521 | 34,774 | **–** | – |
| Other liabilities | 23 | **136,522** | 110,214 | 145,598 | **239,318** | 297,837 |
| Provisions | 24 | **16,930** | 15,977 | 15,415 | **–** | – |
| Deferred tax liabilities | 25 | **316,855** | 328,811 | 352,748 | **47,750** | 47,412 |
| | | **4,967,600** | 4,893,043 | 4,287,317 | **2,683,016** | 2,937,293 |
| **Current liabilities** | | | | | | |
| Trade and other payables | 26 | **1,469,971** | 1,327,232 | 1,058,590 | **1,770,727** | 1,530,773 |
| Interest-bearing borrowings | 18 | **2,232,926** | 893,597 | 1,224,065 | **859,124** | 601,461 |
| Employee benefits | 22 | **20,024** | 17,903 | 16,279 | **2,971** | 2,639 |
| Provision for taxation | | **193,905** | 188,165 | 221,362 | **36,835** | 13,496 |
| Provisions | 24 | **40,493** | 17,920 | 17,101 | **–** | – |
| Liabilities classified as held for sale | | **–** | – | 40,142 | **–** | – |
| | | **3,957,319** | 2,444,817 | 2,577,539 | **2,669,657** | 2,148,369 |
| **Total liabilities** | | **8,924,919** | 7,337,860 | 6,864,856 | **5,352,673** | 5,085,662 |
| **Total equity and liabilities** | | **19,700,520** | 17,553,696 | 16,522,316 | **11,213,917** | 10,524,956 |

* See note 2.2(i).

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

| | Note | Group 2014 $'000 | 2013 Restated* $'000 |
|---|---|---|---|
| **Revenue** | 27 | **3,763,938** | 3,213,337 |
| Cost of sales | | **(2,131,575)** | (1,552,278) |
| **Gross profit** | | **1,632,363** | 1,661,059 |
| Other operating income | 28 | **355,515** | 198,913 |
| Administrative expenses | | **(509,405)** | (474,958) |
| Other operating expenses | | **(439,053)** | (416,978) |
| **Profit from operating activities** | | **1,039,420** | 968,036 |
| Finance income | | **40,548** | 30,645 |
| Finance costs | | **(131,033)** | (91,997) |
| **Net finance costs** | 28 | **(90,485)** | (61,352) |
| Share of after-tax profit of associates | | **8,000** | 7,665 |
| Share of after-tax profit of joint ventures | | **46,795** | 33,703 |
| **Profit before income tax** | | **1,003,730** | 948,052 |
| Income tax expense | 29 | **(95,097)** | (69,563) |
| **Profit for the year** | 28 | **908,633** | 878,489 |
| Profit attributable to owners of the Company: | | | |
| – Ordinary shareholders | | **756,733** | 673,337 |
| – Preference shareholders | | **12,904** | 12,904 |
| | | **769,637** | 686,241 |
| Non-controlling interests | | **138,996** | 192,248 |
| **Profit for the year** | | **908,633** | 878,489 |
| **Earnings per share** | | | |
| – Basic | 30 | **83.2 Cents** | 74.0 Cents |
| – Diluted | 30 | **80.6 Cents** | 71.9 Cents |

* See note 2.2(i).

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 |
|---|---|---|---|
| **Profit for the year** | | **908,633** | 878,489 |
| **Other comprehensive income** | | | |
| **Item that will not be reclassified to profit or loss:** | | | |
| Defined benefit plan remeasurements | | **3,530** | (1,862) |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | |
| Change in fair value of available-for-sale equity investments | | **(523)** | 727 |
| Change in fair value of available-for-sale equity investments reclassified to profit or loss | | **8,742** | – |
| Effective portion of changes in fair value of cash flow hedges | | **(213)** | 59 |
| Exchange differences on hedges of net investment in foreign entities | | **12,276** | 20,409 |
| Exchange differences on monetary items forming part of net investment in foreign entities | | **(14,354)** | (20,768) |
| Exchange differences realised on dilution of investment in an associate/loss of control in subsidiaries reclassified to profit or loss | | **(757)** | (1,048) |
| Share of other reserve movements of associates | | **(1,317)** | (53) |
| Share of other reserve movements of an associate transferred to profit or loss upon dilution | | **1,528** | – |
| Translation differences arising on consolidation of foreign entities | | **33,804** | 133,673 |
| | | **39,186** | 132,999 |
| **Other comprehensive income for the year, net of income tax** | 29 | **42,716** | 131,137 |
| **Total comprehensive income for the year** | | **951,349** | 1,009,626 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **802,145** | 753,540 |
| Non-controlling interests | | **149,204** | 256,086 |
| **Total comprehensive income for the year** | | **951,349** | 1,009,626 |

* See note 2.2(i).

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

| | Note | Share capital $'000 | Capital reserve $'000 | Hedging reserve $'000 | Fair value reserve $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2014, as previously stated | | 1,991,397 | 143,151 | (89) | 7,068 |
| Impact of change in accounting policy | | – | 13,945 | – | – |
| At 1 January 2014, as restated | | 1,991,397 | 157,096 | (89) | 7,068 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | | – | – | – | – |
| **Other comprehensive income** | | | | | |
| Change in fair value of available-for-sale equity investments | | – | – | – | (523) |
| Change in fair value of available-for-sale equity investments reclassified to profit or loss | | – | – | – | 8,742 |
| Defined benefit plan remeasurements | | – | – | – | – |
| Effective portion of changes in fair value of cash flow hedges | | – | – | (64) | – |
| Exchange differences on hedges of net investment in foreign entities | | – | – | – | – |
| Exchange differences on monetary items forming part of net investment in foreign entities | | – | – | – | – |
| Exchange differences realised on dilution of investment in an associate reclassified to profit or loss | | – | – | – | – |
| Share of other reserve movements of associates | | – | – | – | – |
| Share of other reserve movements of an associate transferred to profit or loss upon dilution | | – | – | – | – |
| Translation differences arising on consolidation of foreign entities | | – | – | – | – |
| **Total other comprehensive income** | | – | – | (64) | 8,219 |
| **Total comprehensive income for the year** | | – | – | (64) | 8,219 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| **<u>Contributions by and distributions to owners</u>** | | | | | |
| Capital contribution from non-controlling interests | | – | – | – | – |
| Capital reduction by a subsidiary via distribution in specie of its interests in an associate | | – | – | – | – |
| Dividends paid to owners of the Company | 31 | – | – | – | – |
| Dividends paid to non-controlling interests | | – | – | – | – |
| Issue expense incurred by a subsidiary | | – | (258) | – | – |
| Share-based payment transactions | | – | – | – | – |
| **Total contributions by and distributions to owners** | | – | (258) | – | – |
| **<u>Change in ownership interests in subsidiaries</u>** | | | | | |
| Change in interests in subsidiaries without loss of control | | – | 3,704 | (2) | – |
| **Total change in ownership interests in subsidiaries** | | – | 3,704 | (2) | – |
| **Total transactions with owners** | | – | 3,446 | (2) | – |
| At 31 December 2014 | | 1,991,397 | 160,542 | (155) | 15,287 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

| Other reserve $'000 | Share option reserve $'000 | Foreign currency translation reserve $'000 | Accumulated profits $'000 | Total attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| (4,409) | 11,691 | (339,320) | 6,035,891 | 7,845,380 | 1,983,005 | 9,828,385 |
| – | – | (11,840) | (116,088) | (113,983) | 501,434 | 387,451 |
| (4,409) | 11,691 | (351,160) | 5,919,803 | 7,731,397 | 2,484,439 | 10,215,836 |
| – | – | – | 769,637 | 769,637 | 138,996 | 908,633 |
| – | – | – | – | (523) | – | (523) |
| – | – | – | – | 8,742 | – | 8,742 |
| – | – | – | 2,399 | 2,399 | 1,131 | 3,530 |
| – | – | – | – | (64) | (149) | (213) |
| – | – | 7,468 | – | 7,468 | 4,808 | 12,276 |
| – | – | (642) | – | (642) | (13,712) | (14,354) |
| – | – | (452) | – | (452) | (305) | (757) |
| (884) | – | – | – | (884) | (433) | (1,317) |
| 933 | – | – | – | 933 | 595 | 1,528 |
| – | – | 15,531 | – | 15,531 | 18,273 | 33,804 |
| 49 | – | 21,905 | 2,399 | 32,508 | 10,208 | 42,716 |
| 49 | – | 21,905 | 772,036 | 802,145 | 149,204 | 951,349 |
| – | – | – | – | – | 31,556 | 31,556 |
| – | – | – | – | – | (58,713) | (58,713) |
| – | – | – | (122,020) | (122,020) | – | (122,020) |
| – | – | – | – | – | (153,261) | (153,261) |
| – | – | – | – | (258) | (308) | (566) |
| – | 118 | – | – | 118 | 79 | 197 |
| – | 118 | – | (122,020) | (122,160) | (180,647) | (302,807) |
| 5,323 | 57 | 5,031 | (15,368) | (1,255) | (87,522) | (88,777) |
| 5,323 | 57 | 5,031 | (15,368) | (1,255) | (87,522) | (88,777) |
| 5,323 | 175 | 5,031 | (137,388) | (123,415) | (268,169) | (391,584) |
| 963 | 11,866 | (324,224) | 6,554,451 | 8,410,127 | 2,365,474 | 10,775,601 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

| | Note | Share capital $'000 | Capital reserve $'000 | Hedging reserve $'000 | Fair value reserve $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2013, as previously stated | | 1,991,397 | 149,098 | (387) | 6,341 |
| Impact of change in accounting policy | | – | 13,221 | – | – |
| At 1 January 2013, as restated | | 1,991,397 | 162,319 | (387) | 6,341 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year (restated) | | – | – | – | – |
| **Other comprehensive income** | | | | | |
| Change in fair value of available-for-sale equity investments | | – | – | – | 727 |
| Defined benefit plan remeasurements | | – | – | – | – |
| Effective portion of changes in fair value of cash flow hedges | | – | – | 306 | – |
| Exchange differences on hedges of net investment in foreign entities | | – | – | – | – |
| Exchange differences on monetary items forming part of net investment in foreign entities | | – | – | – | – |
| Exchange differences realised on loss of control in subsidiaries reclassified to profit or loss | | – | – | – | – |
| Share of other reserve movements of associates | | – | – | – | – |
| Translation differences arising on consolidation of foreign entities | | – | – | – | – |
| **Total other comprehensive income (restated)** | | – | – | 306 | 727 |
| **Total comprehensive income for the year (restated)** | | – | – | 306 | 727 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| **Contributions by and distributions to owners** | | | | | |
| Capital contribution from non-controlling interests | | – | – | – | – |
| Dividends paid to owners of the Company | 31 | – | – | – | – |
| Dividends paid to non-controlling interests | | – | – | – | – |
| Share-based payment transactions | | – | – | – | – |
| **Total contributions by and distributions to owners (restated)** | | – | – | – | – |
| **Change in ownership interests in subsidiaries** | | | | | |
| Change in interests in subsidiaries without loss of control | | – | (5,223) | (8) | – |
| **Total change in ownership interests in subsidiaries (restated)** | | – | (5,223) | (8) | – |
| **Total transactions with owners (restated)** | | – | (5,223) | (8) | – |
| At 31 December 2013 (restated) | | 1,991,397 | 157,096 | (89) | 7,068 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014



| Other reserve $'000 | Share option reserve $'000 | Foreign currency translation reserve $'000 | Accumulated profits $'000 | Total attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| (4,354) | 10,309 | (392,147) | 5,543,391 | 7,303,648 | 1,953,407 | 9,257,055 |
| – | – | (13,392) | (113,541) | (113,712) | 514,117 | 400,405 |
| (4,354) | 10,309 | (405,539) | 5,429,850 | 7,189,936 | 2,467,524 | 9,657,460 |
| – | – | – | 686,241 | 686,241 | 192,248 | 878,489 |
| – | – | – | – | 727 | – | 727 |
| – | – | – | (1,178) | (1,178) | (684) | (1,862) |
| – | – | (270) | – | 36 | 23 | 59 |
| – | – | 8,601 | – | 8,601 | 11,808 | 20,409 |
| – | – | (6,355) | – | (6,355) | (14,413) | (20,768) |
| – | – | (1,085) | – | (1,085) | 37 | (1,048) |
| (23) | – | – | – | (23) | (30) | (53) |
| – | – | 66,576 | – | 66,576 | 67,097 | 133,673 |
| (23) | – | 67,467 | (1,178) | 67,299 | 63,838 | 131,137 |
| (23) | – | 67,467 | 685,063 | 753,540 | 256,086 | 1,009,626 |
| – | – | – | – | – | 7,742 | 7,742 |
| – | – | – | (203,857) | (203,857) | – | (203,857) |
| – | – | – | – | – | (116,190) | (116,190) |
| – | 1,166 | – | – | 1,166 | 811 | 1,977 |
| – | 1,166 | – | (203,857) | (202,691) | (107,637) | (310,328) |
| (32) | 216 | (13,088) | 8,747 | (9,388) | (131,534) | (140,922) |
| (32) | 216 | (13,088) | 8,747 | (9,388) | (131,534) | (140,922) |
| (32) | 1,382 | (13,088) | (195,110) | (212,079) | (239,171) | (451,250) |
| (4,409) | 11,691 | (351,160) | 5,919,803 | 7,731,397 | 2,484,439 | 10,215,836 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

| | Group | |
|---|---|---|
| | 2014 | 2013 Restated* |
| | $'000 | $'000 |
| **Cash flows from operating activities** | | |
| Profit for the year | **908,633** | 878,489 |
| Adjustments for: | | |
| Depreciation and amortisation | **200,002** | 188,144 |
| Dividend income | **(6,672)** | (6,238) |
| Equity settled share-based transactions | **637** | 1,644 |
| Finance costs | **131,033** | 91,997 |
| Finance income | **(40,548)** | (30,645) |
| Gain on dilution of investment in an associate | **(6,843)** | – |
| Impairment losses on amounts owing by joint ventures | **2,491** | 1,091 |
| Impairment losses on investment properties and property, plant and equipment | **–** | 26,030 |
| Income tax expense | **95,097** | 69,563 |
| Gain on loss of control/liquidation of investments in subsidiaries (net) | **(330,896)** | (29,243) |
| Profit on sale of investments | **(9,557)** | (9,005) |
| Profit on sale of property, plant and equipment and investment properties | **(198)** | (151,806) |
| Property, plant and equipment and investment properties written off | **309** | 434 |
| Share of after-tax profit of associates | **(8,000)** | (7,665) |
| Share of after-tax profit of joint ventures | **(46,795)** | (33,703) |
| | **888,693** | 989,087 |
| Changes in working capital: | | |
| Development properties | **(636,998)** | 20,548 |
| Consumable stocks and trade and other receivables | **75,313** | (460,037) |
| Trade and other payables | **79,397** | 260,092 |
| Employee benefits | **529** | 2,044 |
| Cash generated from operations | **406,934** | 811,734 |
| Income tax paid | **(114,751)** | (135,001) |
| **Net cash from operating activities** | **292,183** | 676,733 |

* See note 2.2(i).

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Acquisition of subsidiaries (net of cash acquired) | 34 | **(151,655)** | – |
| Capital expenditure on investment properties | | **(97,497)** | (26,411) |
| Increase in investments in an associate | | **(86,945)** | (60,488) |
| Disposal and distribution of income from financial assets | | **25,093** | 28,080 |
| Dividends received: | | | |
| – an associate | | **105** | 44 |
| – financial investments | | **6,672** | 6,238 |
| – joint ventures | | **11,076** | 81,689 |
| Increase in intangible assets | | **(366)** | (290) |
| Increase in investments in joint ventures | | **(8,116)** | (9,037) |
| Increase in lease premium prepayment | | **(643)** | (34,801) |
| Interest received | | **23,480** | 19,004 |
| Payments for purchase of an investment property | | **–** | (59,960) |
| Payments for purchase of property, plant and equipment | | **(838,693)** | (246,882) |
| Proceeds from loss of control in subsidiaries (net of cash disposed of) | 34 | **1,074,974** | 83,650 |
| Proceeds from sale of property, plant and equipment and investment properties | | **682** | 208,056 |
| **Net cash used in investing activities** | | **(41,833)** | (11,108) |
| | | | |
| **Cash flows from financing activities** | | | |
| Acquisition of non-controlling interests | | **(89,773)** | (143,538) |
| Capital contribution from non-controlling interests | | **31,123** | 7,742 |
| Deposits pledged to financial institutions | | **(165,722)** | – |
| Disposal of interests in a subsidiary without loss of control | | **996** | 2,616 |
| Dividends paid | | **(274,848)** | (320,047) |
| Finance lease payments | | **(30)** | (28) |
| Increase in/(Repayment of) other long-term liabilities | | **11,105** | (557) |
| Interest paid (including amounts capitalised as property, plant and equipment, investment properties and development properties) | | **(126,734)** | (109,073) |
| Net decrease in amount owing (to)/by related parties | | **(4,442)** | 61,804 |
| Net proceeds from revolving credit facilities and short-term bank borrowings | | **661,033** | 264,627 |
| **Cash flows from/(used in) financing activities carried forward** | | **42,708** | (236,454) |

* See note 2.2(i).

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 |
|---|---|---|---|
| **Cash flows from financing activities brought forward** | | **42,708** | (236,454) |
| Payment of financing transaction costs | | **(13,522)** | (5,615) |
| Payment of issue expenses by a subsidiary | | **(566)** | – |
| Payment on settlement of financial instruments | | **(1,170)** | (4,132) |
| Proceeds from bank borrowings | | **1,188,313** | 453,534 |
| Proceeds from issuance of bonds and notes | | **612,199** | 727,575 |
| Repayment of bank borrowings | | **(772,280)** | (385,702) |
| Repayment of bonds and notes | | **(317,000)** | (715,270) |
| **Net cash from/(used in) financing activities** | | **738,682** | (166,064) |
| | | | |
| **Net increase in cash and cash equivalents** | | **989,032** | 499,561 |
| Cash and cash equivalents at beginning of the year | | **2,718,405** | 2,202,534 |
| Effect of exchange rate changes on balances held in foreign currencies | | **17,294** | 16,310 |
| **Cash and cash equivalents at end of the year** | 14 | **3,724,731** | 2,718,405 |

***Significant non-cash transaction***

Dividends amounting to $433,000 (2013: $Nil) were paid by a subsidiary to its non-controlling interests in the form of additional shares in that subsidiary.

* See note 2.2(i).

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 Board of Directors on 13 March 2015.

## 1 DOMICILE AND ACTIVITIES

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

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

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

The consolidated financial statements for the year ended 31 December 2014 relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except that financial instruments at fair value through profit or loss, derivative financial instruments and certain equity investments available for sale are stated at fair value. The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following note:

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

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

| | |
|---|---|
| Note 2.20 | Measurement of profit attributable to properties under development |
| Note 2.23 | Estimation of provisions for current and deferred taxation |
| Notes 3 and 4 | Measurement of recoverable amounts of property, plant and equipment, and investment properties |
| Note 5 | Measurement of recoverable amounts of investments in and balances with subsidiaries |
| Note 8 | Impairment of available-for-sale equity investments |
| Note 10 | Measurement of realisable amounts of development properties |
| Note 22 | Valuation of defined benefit obligations |
| Note 37 | Valuation of financial instruments that are not actively traded |

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

### 2.2 Changes in accounting policies

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. As a consequence, the Group has changed its control conclusion in respect of its investment in CDL Hospitality Trusts (CDLHT), which was previously accounted for as an associate using the equity method. Although the Group owns less than half of the voting power of the investee, management has determined that the Group has had control over the investee, since its inception. This is because a subsidiary of the Group, M&C REIT Management Limited acts as REIT manager with its fees having a performance-based element. Accordingly, the Group consolidated CDLHT since inception and restated the relevant amounts as if the investee had been consolidated from that date. The quantitative impact of the change is set out below:

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

(i) Subsidiaries (cont'd)

**Summary of quantitative impact**

The following tables summarise the material impacts of the above change on the Group's financial position, profit or loss, other comprehensive income and cash flows.

The Group has taken advantage of the transitional provisions of FRS 110, and has not included in the following tables the impact of consolidating the additional subsidiary on the Group's financial position, profit or loss, other comprehensive income and cash flows as at and for the year ended 31 December 2014.

**Consolidated statement of financial position**
**1 January 2013**

| | As previously reported $'000 | Adjustments $'000 | As restated $'000 |
|---|---|---|---|
| Property, plant and equipment | 3,405,474 | 764,319 | 4,169,793 |
| Investment properties | 2,916,193 | 342,250 | 3,258,443 |
| Investment in associates | 417,855 | (240,233) | 177,622 |
| Lease premium prepayment | 85,282 | – | 85,282 |
| Other non-current assets | 79,072 | (6,494) | 72,578 |
| Trade and other receivables | 1,182,731 | 12,644 | 1,195,375 |
| Other assets, excluding cash and cash equivalents | 5,364,894 | – | 5,364,894 |
| Deferred tax liabilities | (352,637) | (111) | (352,748) |
| Trade and other payables | (1,034,400) | (24,190) | (1,058,590) |
| Provision for taxation | (221,360) | (2) | (221,362) |
| Provisions (current) | (23,816) | 6,715 | (17,101) |
| Other liabilities | (252,132) | (76) | (252,208) |
| Interest-bearing borrowings (net of cash and cash equivalents) | (2,310,101) | (454,417) | (2,764,518) |
| **Net assets** | 9,257,055 | 400,405 | 9,657,460 |
| | | | |
| Share capital | 1,991,397 | – | 1,991,397 |
| Reserves | 5,312,251 | (113,712) | 5,198,539 |
| Non-controlling interests | 1,953,407 | 514,117 | 2,467,524 |
| **Total equity** | 9,257,055 | 400,405 | 9,657,460 |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

(i) Subsidiaries (cont'd)

**Consolidated statement of financial position**
**31 December 2013**

| | As previously reported $'000 | Adjustments $'000 | As restated $'000 |
|---|---|---|---|
| Property, plant and equipment | 3,566,425 | 832,598 | 4,399,023 |
| Investment properties | 2,785,822 | 375,251 | 3,161,073 |
| Investment in associates | 493,174 | (228,356) | 264,818 |
| Lease premium prepayment | 88,205 | 34,564 | 122,769 |
| Other non-current assets | 22,314 | (6,675) | 15,639 |
| Trade and other receivables | 1,634,576 | 7,338 | 1,641,914 |
| Other assets, excluding cash and cash equivalents | 5,228,882 | – | 5,228,882 |
| Deferred tax liabilities | (328,490) | (321) | (328,811) |
| Trade and other payables | (1,313,057) | (14,175) | (1,327,232) |
| Provision for taxation | (188,137) | (28) | (188,165) |
| Provisions (current) | (25,172) | 7,252 | (17,920) |
| Other liabilities | (181,118) | (497) | (181,615) |
| Interest-bearing borrowings (net of cash and cash equivalents) | (1,955,039) | (619,500) | (2,574,539) |
| **Net assets** | 9,828,385 | 387,451 | 10,215,836 |
| | | | |
| Share capital | 1,991,397 | – | 1,991,397 |
| Reserves | 5,853,983 | (113,983) | 5,740,000 |
| Non-controlling interests | 1,983,005 | 501,434 | 2,484,439 |
| **Total equity** | 9,828,385 | 387,451 | 10,215,836 |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

(i) Subsidiaries (cont'd)

**Consolidated statement of profit or loss**
**Year ended 31 December 2013**

| | As previously reported $'000 | Adjustments $'000 | As restated $'000 |
|---|---|---|---|
| Revenue | 3,162,146 | 51,191 | 3,213,337 |
| Cost of sales | (1,549,643) | (2,635) | (1,552,278) |
| Other operating income | 200,331 | (1,418) | 198,913 |
| Administrative expenses | (529,061) | 54,103 | (474,958) |
| Other operating expenses | (413,887) | (3,091) | (416,978) |
| Finance income | 30,439 | 206 | 30,645 |
| Finance costs | (75,718) | (16,279) | (91,997) |
| Share of after-tax profit of associates | 34,139 | (26,474) | 7,665 |
| Share of after-tax profit of joint ventures | 33,703 | – | 33,703 |
| Income tax expense | (69,313) | (250) | (69,563) |
| | 823,136 | 55,353 | 878,489 |
| **Profit attributable to:** | | | |
| – Owners of the Company | 682,988 | 3,253 | 686,241 |
| – Non-controlling interests | 140,148 | 52,100 | 192,248 |
| **Profit for the year** | 823,136 | 55,353 | 878,489 |
| **Earnings per share** | | | |
| – Basic | 73.7 cents | 0.3 cents | 74.0 cents |
| – Diluted | 71.6 cents | 0.3 cents | 71.9 cents |

**Consolidated statement of comprehensive income**
**Year ended 31 December 2013**

| | As previously reported $'000 | Adjustments $'000 | As restated $'000 |
|---|---|---|---|
| Profit for the year | 823,136 | 55,353 | 878,489 |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | (1,862) | – | (1,862) |
| Items that are or may be reclassified subsequently to profit or loss | 134,657 | (1,658) | 132,999 |
| **Total comprehensive income for the year** | 955,931 | 53,695 | 1,009,626 |
| **Total comprehensive income attributable to:** | | | |
| – Owners of the Company | 749,039 | 4,501 | 753,540 |
| – Non-controlling interests | 206,892 | 49,194 | 256,086 |
| **Total comprehensive income for the year** | 955,931 | 53,695 | 1,009,626 |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

(i) Subsidiaries (cont'd)

**Consolidated statement of cash flows**
**Year ended 31 December 2013**

| | As previously reported $'000 | Adjustments $'000 | As restated $'000 |
|---|---|---|---|
| Net cash from operating activities | 540,724 | 136,009 | 676,733 |
| Net cash from/(used in) investing activities | 214,098 | (225,206) | (11,108) |
| Net cash used in financing activities | (249,667) | 83,603 | (166,064) |
| | 505,155 | (5,594) | 499,561 |

(ii) Joint Arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has reclassified its investments in jointly-controlled entities to joint ventures but no reclassification is made for its joint operations. Notwithstanding the reclassification, the investments in joint ventures continue to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iii) Disclosures of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries and non-controlling interests (see notes 40 and 42), associates (see note 6) and joint ventures (see note 7).

### 2.3 Basis of consolidation

*Business combinations*

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Basis of consolidation (cont'd)

*Business combinations (cont'd)*

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

*Associates and joint ventures (equity-accounted investee)*

Associates are companies in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Basis of consolidation (cont'd)

*Associates and joint ventures (equity-accounted investee) (cont'd)*

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

*Joint operations*

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation. The Group recognises its interests in joint operations using proportionate consolidation.

The joint operation is proportionately consolidated until the date on which the Group ceases to have joint control over the joint operations.

As at 31 December 2014, the Group is a 51% partner in Hong Realty (Private) Limited – Pasir Ris Joint Venture (the Pasir Ris Joint Venture), a joint arrangement formed with 2 fellow subsidiaries, whose principal activity is that of a property developer and place of business is in Singapore. The Group has classified the Pasir Ris Joint Venture as a joint operation as the joint venture partners control the Pasir Ris Joint Venture collectively and the Pasir Ris Joint Venture is not structured through a separate legal vehicle.

*Transactions eliminated on consolidation*

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

*Accounting for subsidiaries, associates and joint ventures by the Company*

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

### 2.4 Foreign currencies

*Foreign currency transactions*

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Foreign currencies (cont'd)

*Foreign operations*

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

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

*Net investment in a foreign operation*

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

*Hedge of net investment in a foreign operation*

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

### 2.5 Property, plant and equipment

*Owned assets*

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Property, plant and equipment (cont'd)

*Subsequent expenditure*

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

*Depreciation*

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

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

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

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

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

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

### 2.6 Intangible assets

*Goodwill*

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and joint ventures.

*Acquisitions prior to 1 January 2001*

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

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

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

*Acquisitions occurring between 1 January 2001 and 1 January 2005*

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Intangible assets (cont'd)

_Acquisitions occurring between 1 January 2005 and 31 December 2009_

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

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment (note 2.14). Negative goodwill is recognised immediately in profit or loss.

_Acquisitions on or after 1 January 2010_

Goodwill represents the excess of:

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

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

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses, and tested annually for impairment (note 2.14).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

_Other intangible assets_

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

### 2.7 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

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

Gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised net in profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Investment properties (cont'd)

*Depreciation*

No depreciation is provided on freehold and 999-year leasehold land included in the investment properties.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease terms, if shorter) of each component of the investment properties.

The estimated useful lives are as follows:

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

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

*Transfers*

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

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

### 2.8 Leased assets

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

Other leases are operating leases, and the leased assets are not recognised in the statement of financial position.

### 2.9 Lease premium prepayment

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments

*Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group has the following categories of non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

*Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

*Loans and receivables*

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (cont'd)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. The Group's investments in certain equity securities and certain debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2.14) and foreign currency differences on available-for-sale monetary items (see note 2.4), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

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

*Non-derivative financial liabilities*

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

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

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

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

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

*Derivative financial instruments, including hedging activities*

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (cont'd)

*Cash flow hedges*

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

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

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

*Separable embedded derivatives*

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

*Other non-trading derivatives*

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

### 2.11 Interest-free intercompany loans

*Loans to subsidiaries*

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

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

### 2.12 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Development properties (cont'd)

*Properties under development, the sales of which are recognised using the percentage of completion method*

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position.

*Other properties under development*

The aggregated costs incurred are presented as development properties while progress billings are presented separately as deferred income within trade and other payables.

### 2.13 Consumable stocks

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

### 2.14 Impairment

*Impairment of non-derivative financial assets*

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

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

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

All impairment losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Impairment losses on available-for-sale financial asset are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Impairment (cont'd)

*Impairment of non-financial assets*

The carrying amounts of the Group's non-financial assets, other than development properties, consumable stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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

### 2.15 Assets and liabilities classified as held for sale

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

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

### 2.16 Share capital

*Ordinary shares*

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

*Preference shares*

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Employee benefits

*Defined contribution plans*

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

*Defined benefit plans*

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in profit or loss.

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

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

*Other long-term employee benefits*

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

*Short-term employee benefits*

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Employee benefits (cont'd)

*Share-based payment transactions*

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

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

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employees as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

### 2.18 Provisions

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

*Beijing indemnity*

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

*Onerous contracts*

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

*Capital expenditure*

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

*Legal*

Provision for legal fees is recognised in relation to disputes in several hotels.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Provisions (cont'd)

*Dilapidation*

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

*Rental guarantee*

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

*Cash flows support*

A provision for cash flows support is recognised for the Group's obligation to Sunbright Holdings Limited, an associate, to fund any shorfall for interest payments and/or annual/daily operational costs.

### 2.19 Financial guarantee contracts

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

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

### 2.20 Revenue recognition

*Development properties for sale*

Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

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

*Rental and car park income*

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

Car park income is recognised on an accrual basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Revenue recognition (cont'd)

*Hotel income*

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

*Dividends*

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

### 2.21 Operating leases

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

### 2.22 Finance income and costs

Finance income comprises mainly interest income on funds invested and mark-to-market gain on financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

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

### 2.23 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Income tax (cont'd)

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

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

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

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

### 2.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares.

### 2.25 Segment reporting

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

## 3 PROPERTY, PLANT AND EQUIPMENT

| | Note | Freehold land and buildings $'000 | Leasehold land and buildings $'000 | Freehold and leasehold properties under development $'000 | Furniture, fittings, plant and equipment and improvements $'000 | Renovation-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Cost** | | | | | | | |
| At 1 January 2013 (restated)* | | 3,305,021 | 1,112,903 | 111,612 | 1,227,103 | 17,007 | 5,773,646 |
| Additions | | 46,418 | 71,705 | 21,289 | 67,874 | 47,208 | 254,494 |
| Loss of control in subsidiaries | 34 | (8,739) | – | – | (18) | – | (8,757) |
| Disposals | | – | – | – | (4,648) | – | (4,648) |
| Written off during the year | | – | – | – | (38,839) | – | (38,839) |
| Reclassifications and transfers | | 10,713 | 11,353 | (14,727) | 37,102 | (44,441) | – |
| Transfers (to)/from investment properties | 4 | (1,224) | 2,022 | – | 47 | – | 845 |
| Translation differences on consolidation | | 93,346 | 30,039 | 819 | 27,892 | 960 | 153,056 |
| At 31 December 2013 (restated)* | | 3,445,535 | 1,228,022 | 118,993 | 1,316,513 | 20,734 | 6,129,797 |
| Additions | | 516,871 | 121,827 | 17,031 | 133,732 | 37,763 | 827,224 |
| Acquisition of subsidiaries | 34 | – | – | – | 163 | – | 163 |
| Loss of control in a subsidiary | | – | (243,058) | – | (8,579) | – | (251,637) |
| Disposals | | (29) | – | – | (8,136) | – | (8,165) |
| Written off during the year | | – | (58) | – | (24,380) | – | (24,438) |
| Reclassifications and transfers | | 9,719 | 18,821 | (13,618) | 21,886 | (36,808) | – |
| Transfers from investment properties | 4 | – | – | – | 55 | – | 55 |
| Translation differences on consolidation | | 34,755 | 580 | 188 | 3,014 | (71) | 38,466 |
| At 31 December 2014 | | 4,006,851 | 1,126,134 | 122,594 | 1,434,268 | 21,618 | 6,711,465 |

* See note 2.2(i).

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Note | Freehold land and buildings $'000 | Leasehold land and buildings $'000 | Freehold and leasehold properties under development $'000 | Furniture, fittings, plant and equipment and improvements $'000 | Renovation-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | |
| At 1 January 2013 (restated)* | | 570,060 | 237,283 | 5,779 | 790,731 | – | 1,603,853 |
| Charge for the year | 28 | 19,308 | 28,311 | – | 64,394 | – | 112,013 |
| Loss of control in subsidiaries | 34 | (8,739) | – | – | (18) | – | (8,757) |
| Disposals | | – | – | – | (3,329) | – | (3,329) |
| Written off during the year | | – | – | – | (38,405) | – | (38,405) |
| Impairment losses | 28 | 20,924 | – | – | 2,782 | – | 23,706 |
| Reclassifications and transfers | | 27 | 98 | – | (125) | – | – |
| Translation differences on consolidation | | 17,325 | (2,939) | 265 | 27,042 | – | 41,693 |
| At 31 December 2013 (restated)* | | 618,905 | 262,753 | 6,044 | 843,072 | – | 1,730,774 |
| Charge for the year | 28 | 22,950 | 20,528 | – | 79,331 | – | 122,809 |
| Loss of control in a subsidiary | | – | (26,625) | – | (3,337) | – | (29,962) |
| Disposals | | (4) | – | – | (7,677) | – | (7,681) |
| Written off during the year | | – | (35) | – | (24,094) | – | (24,129) |
| Reclassifications and transfers | | (15) | (414) | – | 429 | – | – |
| Translation differences on consolidation | | 5,144 | 137 | 116 | (4,016) | – | 1,381 |
| At 31 December 2014 | | 646,980 | 256,344 | 6,160 | 883,708 | – | 1,793,192 |
| **Carrying amounts** | | | | | | | |
| At 1 January 2013 (restated)* | | 2,734,961 | 875,620 | 105,833 | 436,372 | 17,007 | 4,169,793 |
| At 31 December 2013 (restated)* | | 2,826,630 | 965,269 | 112,949 | 473,441 | 20,734 | 4,399,023 |
| At 31 December 2014 | | 3,359,871 | 869,790 | 116,434 | 550,560 | 21,618 | 4,918,273 |

* See note 2.2(i).

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Note | Freehold land and buildings $'000 | Furniture, fittings and equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Cost** | | | | |
| At 1 January 2013 | | 3,794 | 28,360 | 32,154 |
| Additions | | – | 3,993 | 3,993 |
| Disposals | | – | (2,112) | (2,112) |
| Written off during the year | | – | (497) | (497) |
| Transfers to investment properties | 4 | (1,224) | – | (1,224) |
| At 31 December 2013 | | 2,570 | 29,744 | 32,314 |
| Additions | | – | 2,709 | 2,709 |
| Disposals | | – | (30) | (30) |
| Written off during the year | | – | (2,676) | (2,676) |
| At 31 December 2014 | | 2,570 | 29,747 | 32,317 |
| **Accumulated depreciation** | | | | |
| At 1 January 2013 | | – | 22,382 | 22,382 |
| Charge for the year | | – | 1,959 | 1,959 |
| Disposals | | – | (1,325) | (1,325) |
| Written off during the year | | – | (497) | (497) |
| At 31 December 2013 | | – | 22,519 | 22,519 |
| Charge for the year | | – | 2,267 | 2,267 |
| Disposals | | – | (28) | (28) |
| Written off during the year | | – | (2,579) | (2,579) |
| At 31 December 2014 | | – | 22,179 | 22,179 |
| **Carrying amounts** | | | | |
| At 1 January 2013 | | 3,794 | 5,978 | 9,772 |
| At 31 December 2013 | | 2,570 | 7,225 | 9,795 |
| At 31 December 2014 | | 2,570 | 7,568 | 10,138 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 $'000 | 2013 $'000 | 2014 $'000 | 2013 $'000 |
| Furniture, fittings and equipment | **406** | 102 | **–** | – |

Included in property, plant and equipment are certain hotel properties of the Group with carrying value totalling $432,730,000 (2013: $420,856,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to notes 19 and 20 for more details of the facilities).

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The management undertook their annual review of the carrying value of hotels and property assets for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, no indicators of impairment were identified for the current year. In 2013, as a result of this review, an impairment charge of $23,706,000, included in "other operating expenses", was made in relation to a hotel in United States of America held by a subsidiary.

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

## 4 INVESTMENT PROPERTIES

| | Note | Group $'000 | Company $'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2013 (restated)* | | 4,140,677 | 614,944 |
| Additions from acquisition | | 60,252 | – |
| Additions from subsequent expenditure | | 27,367 | 2,683 |
| Disposals | | (57,732) | – |
| Written off during the year | | (579) | (231) |
| Transfers (to)/from property, plant and equipment, net | 3 | (845) | 1,224 |
| Translation differences on consolidation | | (70,935) | – |
| At 31 December 2013 (restated)* | | 4,098,205 | 618,620 |
| Additions from subsequent expenditure | | 97,276 | 3,173 |
| Loss of control in a subsidiary | | (64,247) | – |
| Disposals | | (85) | – |
| Written off during the year | | (457) | (123) |
| Transfers to property, plant and equipment | 3 | (55) | – |
| Translation differences on consolidation | | (18,803) | – |
| At 31 December 2014 | | 4,111,834 | 621,670 |
| | | | |
| **Accumulated depreciation and impairment losses** | | | |
| At 1 January 2013 (restated)* | | 882,234 | 96,293 |
| Charge for the year | 28 | 72,338 | 11,423 |
| Disposals | | (7,988) | – |
| Written off during the year | | (579) | (231) |
| Impairment loss | 28 | 2,324 | – |
| Translation differences on consolidation | | (11,197) | – |
| At 31 December 2013 (restated)* | | 937,132 | 107,485 |
| Charge for the year | 28 | 72,858 | 11,903 |
| Loss of control in a subsidiary | | (2,438) | – |
| Disposals | | (85) | – |
| Written off during the year | | (457) | (123) |
| Translation differences on consolidation | | (4,352) | – |
| At 31 December 2014 | | 1,002,658 | 119,265 |

* Restated for the Group only. See note 2.2(i).

## 4 INVESTMENT PROPERTIES (CONT'D)

| | Group $'000 | Company $'000 |
|---|---|---|
| **Carrying amounts** | | |
| At 1 January 2013 (restated)* | 3,258,443 | 518,651 |
| At 31 December 2013 (restated)* | 3,161,073 | 511,135 |
| At 31 December 2014 | 3,109,176 | 502,405 |
| **Fair value** | | |
| At 31 December 2013 (restated)* | 7,181,933 | 1,232,742 |
| At 31 December 2014 | 7,437,920 | 1,314,815 |

* Restated for the Group only. See note 2.2(i).

Investment properties comprise commercial, residential and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 1 to 11 years, and subsequent renewals are negotiated at prevailing market rates and terms.

The management undertook their annual review of the carrying value of investment properties for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, no indicators of impairment were identified for the current year. In 2013, as a result of this review, the Group recognised an impairment loss of $2,324,000. The impairment loss was included in "other operating expenses".

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

Investment properties of the Group with a total carrying amount of $1,110,386,000 (2013: $1,118,773,000) are mortgaged to certain financial institutions to secure credit facilities (refer to notes 19 and 20 for more details of the facilities).

## 5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2014 $'000 | 2013 $'000 |
| **Investments in subsidiaries** | | |
| Unquoted shares, at cost | **2,263,253** | 2,261,753 |
| Discount implicit in non-current inter-company balances | **–** | 6,022 |
| Impairment losses | **(46,227)** | (45,428) |
| | **2,217,026** | 2,222,347 |

## 5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

| | Note | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|
| **Balances with subsidiaries** | | | |
| Amounts owing by subsidiaries: | | | |
| – trade, interest-free | | **9,225** | 9,501 |
| – non-trade, interest-free | | **2,419,507** | 1,955,667 |
| – non-trade, interest-bearing | | **3,315,376** | 3,620,986 |
| | | **5,744,108** | 5,586,154 |
| Impairment losses | | **(135,330)** | (51,827) |
| | | **5,608,778** | 5,534,327 |
| Receivable: | | | |
| – within 1 year | 11 | **5,147,012** | 5,126,446 |
| – after 1 year | 9 | **461,766** | 407,881 |
| | | **5,608,778** | 5,534,327 |
| Amounts owing to subsidiaries: | | | |
| – trade, interest-free | | **995** | 4,202 |
| – non–trade, interest-free | | **1,097,678** | 1,114,299 |
| – non–trade, interest-bearing | | **680,643** | 486,937 |
| | | **1,779,316** | 1,605,438 |
| Repayable: | | | |
| – within 1 year | 26 | **1,554,316** | 1,330,438 |
| – after 1 year | 23 | **225,000** | 275,000 |
| | | **1,779,316** | 1,605,438 |

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indications of impairment. Based on this assessment, the Company recognised an impairment loss of $799,000 on its investment in a wholly-owned subsidiary as the subsidiary is incurring loss from its business activities. The recoverable amount of the investment has been determined based on the net asset position of the subsidiary which approximates the fair value as at 31 December 2014.

In 2013, the Company utilised impairment loss of $16,300,000 against its investment in a subsidiary which was liquidated during the year.

The non-trade amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts owing by and to subsidiaries, interest was charged at 0.52% to 4.52% (2013: 0.51% to 1.85%) and at 1.00% to 3.25% (2013: 1.00% to 3.57%) per annum respectively. The non-trade balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand.

## 5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

Included in amounts owing by subsidiaries receivable after one year are loans to subsidiaries with carrying amounts of $461,766,000 (2013: $407,881,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses.

***Impairment losses***

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

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | **$'000** | **$'000** |
| At 1 January | **51,827** | 57,123 |
| Charge/(Write-back) of impairment losses | **83,503** | (5,296) |
| At 31 December | **135,330** | 51,827 |

Further details regarding subsidiaries are set out in note 40.

## 6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

| | | Group | |
|---|---|---|---|
| | **Note** | **2014** | **2013 Restated*** |
| | | **$'000** | **$'000** |
| **Investments in associates** | | **307,390** | 264,818 |
| **Balances with associates** | | | |
| Amounts owing by associates receivable within 1 year: | | | |
| – trade, interest-free | | **111** | – |
| – non-trade, interest-free | | **–** | 11 |
| | 11 | **111** | 11 |

* See note 2.2(i).

The non-trade balances with associates that are presented as receivable within one year are receivable on demand.

Included in the Group's investments in associates is an investment in an associate which was listed on the Mainboard of Singapore Exchange Securities Trading Limited during the year. The carrying value of the investment in the associate was $305,855,000 (Restated 2013: $263,372,000) and its fair value as at the reporting date based on published price quotation (Level 1 in the fair value hierarchy) was $262,763,000 (Restated 2013: $Nil).

Management had assessed the recoverable amount of the investment in the associate and determined that the recoverable amount of the share of net assets of the associate, based on fair values of its individual assets less costs to sell, is higher than the carrying amount as at 31 December 2014.

## 6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

**Immaterial associates**

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of these immaterial associates that are accounted for using the equity method:

| | 2014<br>$'000 | 2013<br>Restated*<br>$'000 |
|---|---|---|
| **Carrying amount of interest in immaterial associates** | **307,390** | 264,818 |
| Group's share of: | | |
| – profit from continuing operation | **8,000** | 7,665 |
| – other comprehensive income | **(1,317)** | (53) |
| **– total comprehensive income** | **6,683** | 7,612 |

* See note 2.2(i).

## 7 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>$'000 | 2013<br>$'000 | 2014<br>$'000 | 2013<br>$'000 |
| **Investments in joint ventures** | | | | |
| Investments in joint ventures | **821,088** | 772,266 | **37,360** | 37,360 |
| Impairment losses | **–** | – | **(1,000)** | (1,000) |
| | **821,088** | 772,266 | **36,360** | 36,360 |

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014<br>$'000 | 2013<br>$'000 | 2014<br>$'000 | 2013<br>$'000 |
| **Balances with joint ventures** | | | | | |
| Amounts owing by joint ventures receivable within 1 year: | | | | | |
| – trade, interest-free | | **3,835** | 8,677 | **299** | 267 |
| – non-trade, interest-bearing | | **846,871** | 812,061 | **284,453** | 283,472 |
| – non-trade, interest-free | | **214,178** | 214,239 | **–** | – |
| | | **1,064,884** | 1,034,977 | **284,752** | 283,739 |
| Impairment losses | | **(43,195)** | (41,448) | **(16,365)** | (16,365) |
| | 11 | **1,021,689** | 993,529 | **268,387** | 267,374 |
| Amounts owing to joint ventures payable within 1 year: | | | | | |
| – trade, interest-free | | **4** | 10 | **–** | 7 |
| – non-trade, interest-free | | **25,222** | 23,376 | **22,727** | 21,015 |
| | 26 | **25,226** | 23,386 | **22,727** | 21,022 |

The non-trade amounts owing by and to joint ventures are unsecured. In respect of interest-bearing amounts owing by joint ventures, interest at rates ranging from 1.50% to 4.75% (2013: 1.50% to 4.75%) per annum and 1.50% to 2.00% (2013: 1.50% to 2.00%) per annum were charged by the Group and the Company respectively.

## 7 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (CONT'D)

The non-trade amounts presented as receivable or repayable within one year are receivable or repayable on demand.

The change in impairment losses in respect of balances with joint ventures is as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 $'000 | 2013 $'000 | 2014 $'000 | 2013 $'000 |
| At 1 January | | **41,448** | 40,149 | **16,365** | 16,365 |
| Charge of impairment losses | 28 | **2,491** | 1,091 | **–** | – |
| Translation differences on consolidation | | **(744)** | 208 | **–** | – |
| At 31 December | | **43,195** | 41,448 | **16,365** | 16,365 |

The charge of impairment losses was included in "other operating expenses".

**Immaterial joint ventures**

The Group has interests in a number of individually immaterial joint ventures. The following table summarises, in aggregate, the share of profit and other comprehensive income of these immaterial joint ventures that are accounted for using the equity method:

| | Group | |
|---|---|---|
| | 2014 $'000 | 2013 $'000 |
| **Carrying amount of interest in immaterial joint ventures** | **821,088** | 772,266 |
| Group's share of: | | |
| – profit from continuing operations/total comprehensive income | **46,795** | 33,703 |

In total, the Group's share of the joint ventures' commitments is as follows:

| | Group | |
|---|---|---|
| | 2014 $'000 | 2013 $'000 |
| **Commitments** | | |
| Development expenditure contracted but not provided for in the financial statements | **376,324** | 556,874 |
| Capital expenditure contracted but not provided for in the financial statements | **2,434** | 1,557 |
| Non-cancellable operating lease payables | **208** | 863 |
| Non-cancellable operating lease receivables | **63,822** | 632 |

As at 31 December 2013, a joint venture of the Group had a non-cancellable operating lease rental receivable of $274,000 with a fellow subsidiary.

## 8 FINANCIAL ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current financial assets** | | | | |
| Unquoted equity investments available for sale | | | | |
| – fellow subsidiaries | **3,290** | 3,290 | **3,290** | 3,290 |
| – other related parties | **5,121** | 14,682 | **–** | – |
| – non-related companies | **32,171** | 30,747 | **1,340** | 1,340 |
| Impairment losses | **(3,339)** | (3,339) | **–** | – |
| | **37,243** | 45,380 | **4,630** | 4,630 |
| Quoted equity investments available for sale | | | | |
| – fellow subsidiaries | **28,290** | 29,814 | **23,789** | 25,070 |
| – non-related companies | **10,927** | 9,922 | **–** | – |
| | **39,217** | 39,736 | **23,789** | 25,070 |
| **Total** | **76,460** | 85,116 | **28,419** | 29,700 |
| **Current financial assets** | | | | |
| Equity investments held for trading | | | | |
| – quoted | **31,894** | 34,486 | **–** | – |
| – unquoted | **3,338** | 2,048 | **–** | – |
| **Total** | **35,232** | 36,534 | **–** | – |

Included in quoted equity investments held for trading are investments in shares of listed subsidiaries with a total carrying value of $14,034,000 (2013: $14,384,000) which are held by the Group for trading purposes.

Included in unquoted investments available for sale of the Group and the Company are investments with total carrying amount of $37,243,000 (2013: $45,380,000) and $4,630,000 (2013: $4,630,000) respectively, which are measured at cost less accumulated impairment losses as the fair values cannot be determined reliably. As a result, the variability in the range of reasonable fair value estimates derived from valuation techniques is expected to be significant. The Group does not intend to dispose of these investments in the foreseeable future.

Impairment losses on equity investments available for sale are recognised when there is a significant or prolonged decline in the fair value of such investments below their cost.

The Group has not reclassified any investments between various categories during the year.

***Impairment losses***

During the year, an impairment loss of $8,742,000 (2013: $Nil) was recognised in respect of an available-for-sale quoted equity investment in a non-related company, as there was a significant and prolonged decline in its fair value.

## 9 OTHER NON-CURRENT ASSETS

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Amounts owing by subsidiaries | 5 | **–** | – | **461,766** | 407,881 |
| Deferred tax assets | 25 | **7,344** | 4,075 | **–** | – |
| Deposits and prepayment | | **5,201** | 593 | **–** | – |
| Intangible assets | | **4,351** | 4,569 | **–** | – |
| Other receivables | | **2,750** | 6,402 | **–** | – |
| | | **19,646** | 15,639 | **461,766** | 407,881 |

* See note 2.2(i).

## 10 DEVELOPMENT PROPERTIES

| | Group 2014 $'000 | Group 2013 $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|
| Properties in the course of development, at cost | **3,804,150** | 3,232,245 | **–** | 286,231 |
| Attributable profit | **90,854** | 118,260 | **–** | 96,510 |
| | **3,895,004** | 3,350,505 | **–** | 382,741 |
| Progress billings | **(599,357)** | (560,283) | **–** | (217,571) |
| | **3,295,647** | 2,790,222 | **–** | 165,170 |
| Properties for development and resale representing mainly land, at cost | **446,716** | 265,487 | **–** | – |
| Completed units, at cost | **933,532** | 1,179,299 | **196,645** | 196,645 |
| | **4,675,895** | 4,235,008 | **196,645** | 361,815 |
| Allowance for foreseeable losses | **(47,271)** | (26,322) | **(570)** | (506) |
| | **4,628,624** | 4,208,686 | **196,075** | 361,309 |
| **Share of joint operations** | | | | |
| Properties in the course of development, at cost | **405,769** | 286,669 | **408,650** | 290,492 |
| Attributable profit | **178,327** | 58,435 | **178,327** | 58,435 |
| | **584,096** | 345,104 | **586,977** | 348,927 |
| Progress billings | **(419,773)** | (227,248) | **(419,773)** | (227,248) |
| | **164,323** | 117,856 | **167,204** | 121,679 |
| **Total development properties** | **4,792,947** | 4,326,542 | **363,279** | 482,988 |

## 10 DEVELOPMENT PROPERTIES (CONT'D)

The change in foreseeable losses in respect of development properties during the year is as follows:

| | Note | Group 2014 $'000 | Group 2013 $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| At 1 January | | **26,322** | 29,583 | **506** | 506 |
| Allowance made/(written back) (net) | 28 | **24,229** | (2,566) | **64** | – |
| Allowance utilised | | **(3,243)** | (493) | **–** | – |
| Translation differences on consolidation | | **(37)** | (202) | **–** | – |
| At 31 December | | **47,271** | 26,322 | **570** | 506 |

Included in the above are development properties under construction where revenue is recognised as construction progresses, which are set out below:

| | Group 2014 $'000 | Group 2013 $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|
| Properties in the course of development, at cost | **2,758,101** | 2,601,093 | **408,650** | 576,723 |
| Attributable profit | **269,181** | 176,695 | **178,327** | 154,945 |
| | **3,027,282** | 2,777,788 | **586,977** | 731,668 |
| Progress billings | **(1,019,130)** | (787,531) | **(419,773)** | (444,819) |

In 2014, development properties for the Group recognised as cost of sales, excluding foreseeable losses, amounted to $1,191,007,000 (2013: $703,570,000).

The allowance for foreseeable losses is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing property market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The allowance for foreseeable losses is included in "cost of sales".

Development properties of the Group with carrying amounts of $259,751,000 (2013: $735,502,000) are mortgaged to financial institutions to secure credit facilities (refer to note 19).

## 11 TRADE AND OTHER RECEIVABLES

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Trade receivables | | **175,101** | 133,547 | **21,191** | 26,122 |
| Impairment losses | | **(12,718)** | (12,363) | **(8,052)** | (8,130) |
| | | **162,383** | 121,184 | **13,139** | 17,992 |
| Other receivables | | **78,231** | 42,841 | **2,873** | 3,115 |
| Impairment losses | | **(405)** | (159) | **(1,305)** | (1,379) |
| | | **77,826** | 42,682 | **1,568** | 1,736 |
| Deposits and prepayments | | **185,267** | 85,508 | **822** | 814 |
| Tax recoverable | | **1,342** | 608 | **–** | – |
| Accrued receivables | 12 | **145,468** | 401,137 | **43,742** | 41,813 |
| Impairment losses | | **(7,307)** | (7,307) | **–** | – |
| | | **138,161** | 393,830 | **43,742** | 41,813 |
| Amounts owing by: | | | | | |
| – subsidiaries | 5 | **–** | – | **5,147,012** | 5,126,446** |
| – associates | 6 | **111** | 11 | **–** | –** |
| – joint ventures | 7 | **1,021,689** | 993,529 | **268,387** | 267,374 |
| – fellow subsidiaries | 13 | **1,771** | 4,562 | **1,359** | 1,310 |
| | | **1,588,550** | 1,641,914 | **5,476,029** | 5,457,485 |

* See note 2.2(i).

** Included in amounts owing by subsidiaries is an amount of $822,000 owing by CDLHT reclassified from amounts owing by associates due to the adoption of FRS 110 *Consolidated Financial Statements*.

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

| | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|
| Property development | **1,150,717** | 1,230,466 | **3,642,276** | 3,208,361 |
| Hotel operations | **195,897** | 173,052 | **94,458** | 173,566 |
| Rental properties | **115,957** | 121,320 | **467,968** | 704,834 |
| Others | **51,212** | 37,379 | **1,271,044** | 1,370,484 |
| | **1,513,783** | 1,562,217 | **5,475,746** | 5,457,245 |

* See note 2.2(i).

## 11 TRADE AND OTHER RECEIVABLES (CONT'D)

*Impairment losses*

The aging of trade receivables at the reporting date is:

| | Gross 2014 $'000 | Impairment losses 2014 $'000 | Gross 2013 Restated* $'000 | Impairment losses 2013 Restated* $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Not past due | **107,421** | **7** | 92,953 | – |
| Past due 1 – 30 days | **27,587** | **74** | 17,095 | 2,110 |
| Past due 31 – 60 days | **14,486** | **21** | 7,856 | 473 |
| Past due 61 – 90 days | **3,290** | **38** | 2,608 | 107 |
| More than 90 days | **22,317** | **12,578** | 13,035 | 9,673 |
| | **175,101** | **12,718** | 133,547 | 12,363 |
| **Company** | | | | |
| Not past due | **12,091** | **–** | 16,561 | – |
| Past due 1 – 30 days | **596** | **–** | 1,002 | 6 |
| Past due 31 – 60 days | **105** | **2** | 88 | 15 |
| Past due 61 – 90 days | **9** | **–** | 8 | – |
| More than 90 days | **8,390** | **8,050** | 8,463 | 8,109 |
| | **21,191** | **8,052** | 26,122 | 8,130 |

* Restated for the Group only. See note 2.2(i).

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

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| At 1 January | | **19,829** | 12,810 | **9,509** | 9,768 |
| Charge/(Write-back) of impairment losses | 28 | **1,084** | 6,697 | **(18)** | (181) |
| Impairment losses utilised | | **(584)** | (307) | **(110)** | (31) |
| Loss of control in a subsidiary | | **(14)** | – | **–** | – |
| Translation differences on consolidation | | **115** | 629 | **(24)** | (47) |
| At 31 December | | **20,430** | 19,829 | **9,357** | 9,509 |

* See note 2.2(i).

The charge/(write-back) of impairment losses were included in "other operating expenses".

## 11 TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to this factor, management believes that no additional credit risks beyond amount provided for collection losses is inherent in the Group's trade and other receivables.

Trade receivables that were not past due relate to a wide range of customers for whom there has not been a significant change in the credit quality.

## 12 ACCRUED RECEIVABLES

Accrued receivables represent mainly the remaining balances of sales consideration for development properties to be billed. In accordance with the Group's accounting policy, income is recognised on the sale of development properties based on accounting policies in note 2.20. 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

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 $'000 | 2013 $'000 | 2014 $'000 | 2013 $'000 |
| Amounts owing by fellow subsidiaries: | | | | | |
| – trade, interest-free | 11 | **1,771** | 4,562 | **1,359** | 1,310 |
| Amounts owing to fellow subsidiaries: | | | | | |
| – trade, interest-free | | **12** | 6 | **12** | 6 |
| – non-trade, interest-bearing | | **138,332** | 94,632 | **–** | – |
| | 26 | **138,344** | 94,638 | **12** | 6 |

Fellow subsidiaries are subsidiaries of the immediate holding company which are subject to common control. The non-trade amounts owing to fellow subsidiaries are unsecured and repayable on demand. In respect of interest-bearing amounts owing to fellow subsidiaries, interest is charged at 2.00% to 2.50% (2013: 2.00% to 2.50%) per annum.

## 14 CASH AND CASH EQUIVALENTS

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments | | **373,477** | 422,636 | **157,859** | 109,092 |
| Fixed deposits placed with financial institutions which are: | | | | | |
| – fellow subsidiaries | | **60,881** | 34,214 | **–** | – |
| – others | | **2,837,896** | 1,557,446 | **1,790,133** | 906,598 |
| | | **2,898,777** | 1,591,660 | **1,790,133** | 906,598 |
| Cash at banks and in hand** | | **625,320** | 705,282 | **170,502** | 351,574 |
| Cash and cash equivalents in the statements of financial position | | **3,897,574** | 2,719,578 | **2,118,494** | 1,367,264 |
| Bank overdrafts | 18 | **(7,121)** | (1,173) | | |
| Deposits pledged | | **(165,722)** | – | | |
| Cash and cash equivalents in the consolidated statement of cash flows | | **3,724,731** | 2,718,405 | | |

* See note 2.2(i).

** Includes cash pool overdrafts.

Deposits pledged represent bank balances of a subsidiary pledged to financial institutions as collateral for credit facilities granted (see note 19).

## 15 SHARE CAPITAL

| | Company 2014 Number of shares | Company 2014 $'000 | Company 2013 Number of shares | Company 2013 $'000 |
|---|---|---|---|---|
| **Issued and fully paid ordinary share capital with no par value:** | | | | |
| At 1 January and 31 December | **909,301,330** | **1,661,179** | 909,301,330 | 1,661,179 |
| **Issued and fully paid non-redeemable convertible non-cumulative preference share capital with no par value:** | | | | |
| At 1 January and 31 December | **330,874,257** | **330,218** | 330,874,257 | 330,218 |
| Total share capital | | **1,991,397** | | 1,991,397 |

## 15 SHARE CAPITAL (CONT'D)

***Ordinary share capital***

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

***Preference share capital***

The Company has in issue 330,874,257 non-redeemable convertible non-cumulative preference shares (Preference Shares), listed on the Official List of Singapore Exchange Securities Trading Limited. The Preference Shares are convertible only at the option of the Company, into fully-paid ordinary shares of the Company at the conversion ratio of 0.136 ordinary share for each Preference Share.

In the event the Company exercises its right of conversion, the Company shall pay to preference shareholders a one-off preference cash dividend at the fixed rate of 64% (net) of the issue price for each Preference Share (Additional Preference Dividend) and any preference dividend accrued but unpaid.

As at 31 December 2014, a maximum number of 44,998,898 (2013: 44,998,898) ordinary shares are issuable upon full conversion at the sole option of the Company of all the Preference Shares.

Holders of Preference Shares have no voting rights, except under certain circumstances provided for in the Singapore Companies Act and as set out in the Company's Articles of Association.

The Preference Shares rank:

(i) *pari passu* without any preference or priority among themselves; and

(ii) in priority over the ordinary shares in respect of (a) payment of the preference dividend (when, as and if declared) and the Additional Preference Dividend; and (b) in the event of a winding-up of or return of capital by the Company, payment of any preference dividend that has accrued to holders of Preference Shares and is unpaid, the Additional Preference Dividend (whether or not then due) as well as the amount paid up on the Preference Shares (including the premium paid thereon).

***Capital management policy***

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to continue to maintain the future development and growth of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. For this purpose, the Group defines "capital" as including all components of equity, including non-controlling interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group monitors capital using a net debt equity ratio, which is defined as net borrowings divided by total capital employed.

## 15 SHARE CAPITAL (CONT'D)

| | Group | |
|---|---|---|
| | 2014 | 2013 Restated* |
| | $'000 | $'000 |
| Gross borrowings | **6,717,593** | 5,308,902 |
| Cash and cash equivalents | **(3,897,574)** | (2,719,578) |
| Net debt | **2,820,019** | 2,589,324 |
| Total capital employed | **10,775,601** | 10,215,836 |
| Net debt equity ratio | **0.26** | 0.25 |

* See note 2.2(i).

No changes were made to the above objectives, policies and processes during the years ended 31 December 2014 and 2013.

One of the Group's subsidiaries, CDL Hospitality Trusts (CDLHT) which is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT) and CDL Hospitality Business Trust (HBT), a business trust, is required to maintain certain minimum base capital and financial resources. H-REIT is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore. The CIS Code stipulates that the total borrowings and deferred payments (together the Aggregate Leverage) of a property fund should not exceed 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property.

The Aggregate Leverage of H-REIT as at 31 December 2014 was 31.7% (2013: 29.7%) of H-REIT's Deposited Property. This complied with the aggregate leverage limit as described above.

HBT, H-REIT and CDLHT have complied with the borrowing limit requirements imposed by the relevant Trust Deeds and all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

Except for the above, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

## 16 RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 Restated* | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Capital reserve | **160,542** | 157,096 | **63,743** | 63,743 |
| Hedging reserve | **(155)** | (89) | **–** | – |
| Fair value reserve | **15,287** | 7,068 | **12,873** | 14,154 |
| Other reserve | **963** | (4,409) | **–** | – |
| Share option reserve | **11,866** | 11,691 | **–** | – |
| Foreign currency translation reserve | **(324,224)** | (351,160) | **–** | – |
| Accumulated profits | **6,554,451** | 5,919,803 | **3,793,231** | 3,370,000 |
| | **6,418,730** | 5,740,000 | **3,869,847** | 3,447,897 |

* See note 2.2(i).

The capital reserve comprises mainly negative goodwill on the consolidation of subsidiaries and issue expenses.

## 16 RESERVES (CONT'D)

The hedging reserve comprises the effective portions of the cumulative net changes in the fair values of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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

Other reserve comprises the share of other reserves of associates and joint ventures.

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

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the presentation currency of the Company;

(b) the gain or loss on instruments used to hedge the Group's net investment in foreign entities that are determined to be effective hedges; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

## 17 EQUITY COMPENSATION BENEFITS

***By Subsidiaries***

**Millennium & Copthorne Hotels plc**

Millennium & Copthorne Hotels plc (M&C) has the following share option schemes:

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

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

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

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

(a) The Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (M&C 2003 Scheme) was approved by the shareholders at the Annual General Meeting of M&C held on 21 May 2002. There are two parts of the M&C 2003 Scheme, namely the "Approved" part for which approval from the United Kingdom Inland Revenue has been obtained, and the "Unapproved" part which is not designed for the United Kingdom Inland Revenue approval and which is used primarily where employees have more than £30,000 worth of outstanding approved options or are not based in the United Kingdom. Except to the extent required to obtain the United Kingdom Inland Revenue approval, the Approved and Unapproved parts of the M&C 2003 Scheme are in all material aspects identical.

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) M&C may grant options up to the value of a savings contract at maturity. Participants cannot enter into contracts where their savings, in aggregate, would exceed £500 per month.

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

### *(iii) Millennium & Copthorne Hotels plc Long-Term Incentive Plan*

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

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. Awards will not be subject to re-testing. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants are incentivised to deliver significant earnings growth.

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

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after the award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts).

In 2014, the Remuneration Committee further amended the performance conditions so that 50% of the awards are subject to EPS growth targets, 30% are subject to TSR target measures comparing performance against a relevant benchmark which for 2015 will be split equally between the FTSE 250 market index and an index of peer companies and 20% being subject to net asset value (plus dividends).

**City e-Solutions Limited (CES)**

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

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

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

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

(iii) the nominal value of a CES share.

During the financial year under review, (i) no options were granted to subscribe for ordinary shares of HK$1.00 each in CES; and (ii) no ordinary shares of HK$1.00 each in CES were issued pursuant to the CES Scheme. The CES Scheme shall be valid and effective for a period of ten years ending on 26 April 2015, after which no further options will be granted.

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

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

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

Details of the options granted under the M&C option schemes on the unissued ordinary shares of £0.30 each in a subsidiary, M&C, as at the end of the financial year, presented in Sterling Pound, are as follows:

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

| Date of grant of options | Exercise price per share £ | Options outstanding as at 1 January | 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 | Exercise period |
|---|---|---|---|---|---|---|---|---|---|
| **2013** | | | | | | | | | |
| **Part I (Approved)** | | | | | | | | | |
| 16.03.2004 | 2.9167 | 10,285 | – | (10,285) | – | – | – | – | 16.03.2007 – 15.03.2014 |
| **Part II (Unapproved)** | | | | | | | | | |
| 16.03.2004 | 2.9167 | 9,415 | – | (9,415) | – | – | – | – | 16.03.2007 – 15.03.2014 |
| 24.03.2005 | 3.9842 | 40,312 | – | (26,421) | – | – | 13,891 | 13,891 | 24.03.2008 – 23.03.2015 |
| | | 60,012 | – | (46,121) | – | – | 13,891 | 13,891 | |
| **2014** | | | | | | | | | |
| **Part II (Unapproved)** | | | | | | | | | |
| 24.03.2005 | 3.9842 | 13,891 | – | (3,310) | – | – | 10,581 | 10,581 | 24.03.2008 – 23.03.2015 |

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

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

| Date of grant of options | Exercise price per share £ | Options outstanding as at 1 January 2013 | Options granted during the year | Options exercised during the year | Options forfeited during the year | Options expired during the year | Options adjusted during the year | Options outstanding as at 31 December 2013 | Options exercisable as at 31 December 2013 | Exercise period |
|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | | | | | | | | | | |
| 26.03.2007 | 5.2000 | 5,540 | – | – | (1,258) | (4,282) | – | – | – | 01.07.2012 – 31.12.2012 |
| 20.03.2008 | 3.2800 | 3,072 | – | (3,072) | – | – | 204 | 204 | 204 | 01.07.2013 – 31.12.2013 |
| 01.04.2009 | 1.5400 | 6,653 | – | (6,653) | – | – | – | – | – | 01.08.2012 – 31.01.2013 |
| 01.04.2009 | 1.5400 | 32,312 | – | – | – | – | – | 32,312 | – | 01.08.2014 – 31.01.2015 |
| 01.04.2010 | 3.3000 | 16,170 | – | (13,310) | (1,540) | – | – | 1,320 | 1,320 | 01.08.2013 – 31.01.2014 |
| 01.04.2010 | 3.3000 | 1,978 | – | – | – | – | 188 | 2,166 | – | 01.08.2015 – 31.01.2016 |
| 19.04.2011 | 4.1800 | 23,948 | – | (718) | (1,526) | – | 86 | 21,790 | – | 01.08.2014 – 31.01.2015 |
| 19.04.2011 | 4.1800 | 7,349 | – | – | – | – | – | 7,349 | – | 01.08.2016 – 31.01.2017 |
| 19.04.2012 | 3.8800 | 54,424 | – | – | (9,087) | – | – | 45,337 | – | 01.08.2015 – 31.01.2016 |
| 19.04.2012 | 3.8800 | 13,681 | – | – | (3,865) | – | – | 9,816 | – | 01.08.2017 – 31.01.2018 |
| 19.04.2013 | 4.4800 | – | 62,344 | – | (9,477) | – | – | 52,867 | – | 01.08.2016 – 31.01.2017 |
| 19.04.2013 | 4.4800 | – | 6,694 | – | – | – | – | 6,694 | – | 01.08.2018 – 31.01.2019 |
| | | 165,127 | 69,038 | (23,753) | (26,753) | (4,282) | 478 | 179,855 | 1,524 | |

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

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

| Date of grant of options | Exercise price per share £ | Options outstanding as at 1 January 2014 | 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 2014 | Options exercisable as at 31 December 2014 | Exercise period |
|---|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | | |
| 20.03.2008 | 3.2800 | 204 | – | – | – | (204) | – | – | 01.07.2013 – 31.12.2013 |
| 01.04.2009 | 1.5400 | 32,312 | – | (32,312) | – | – | – | – | 01.08.2014 – 31.01.2015 |
| 01.04.2010 | 3.3000 | 1,320 | – | – | – | (1,320) | – | – | 01.08.2013 – 31.01.2014 |
| 01.04.2010 | 3.3000 | 2,166 | – | – | – | – | 2,166 | – | 01.08.2015 – 31.01.2016 |
| 19.04.2011 | 4.1800 | 21,790 | – | (18,252) | (690) | – | 2,848 | 2,848 | 01.08.2014 – 31.01.2015 |
| 19.04.2011 | 4.1800 | 7,349 | – | – | – | – | 7,349 | – | 01.08.2016 – 31.01.2017 |
| 19.04.2012 | 3.8800 | 45,337 | – | – | (2,039) | – | 43,298 | – | 01.08.2015 – 31.01.2016 |
| 19.04.2012 | 3.8800 | 9,816 | – | – | – | – | 9,816 | – | 01.08.2017 – 31.01.2018 |
| 19.04.2013 | 4.4800 | 52,867 | – | – | (11,603) | – | 41,264 | – | 01.08.2016 – 31.01.2017 |
| 19.04.2013 | 4.4800 | 6,694 | – | – | – | – | 6,694 | – | 01.08.2018 – 31.01.2019 |
| 06.05.2014 | 4.4600 | – | 96,757 | – | (12,589) | – | 84,168 | – | 01.08.2017 – 31.01.2018 |
| 06.05.2014 | 4.4600 | – | 7,934 | – | (269) | – | 7,665 | – | 01.08.2019 – 31.01.2020 |
| | | 179,855 | 104,691 | (50,564) | (27,190) | (1,524) | 205,268 | 2,848 | |

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

### *(iii) Millennium & Copthorne Hotels plc Long-Term Incentive Plan*

| Date of award | Balance at beginning of year | Awards awarded during the year | Awards vested during the year | Awards forfeited during the year | Awards expired during the year | Balance at end of year | Vesting date |
|---|---|---|---|---|---|---|---|
| **2013** | | | | | | | |
| 16.09.2010 | 512,765 | – | (342,836) | (169,929) | – | – | 16.09.2013 |
| 28.11.2011 | 941,126 | – | – | (306,007) | – | 635,119 | 28.11.2014 |
| 16.08.2012 | 673,455 | – | – | (119,912) | – | 553,543 | 16.08.2015 |
| 11.09.2013 | – | 465,213 | – | (1,570) | – | 463,643 | 11.09.2016 |
| 21.11.2013 | – | 25,117 | – | – | – | 25,117 | 21.11.2016 |
| | 2,127,346 | 490,330 | (342,836) | (597,418) | – | 1,677,422 | |
| **2014** | | | | | | | |
| 28.11.2011 | 635,119 | – | (304,170) | (30,264) | (300,685) | – | 28.11.2014 |
| 16.08.2012 | 553,543 | – | – | (62,208) | – | 491,335 | 16.08.2015 |
| 11.09.2013 | 463,643 | – | – | (56,432) | – | 407,211 | 11.09.2016 |
| 21.11.2013 | 25,117 | – | – | (4,062) | – | 21,055 | 21.11.2016 |
| 04.04.2014 | – | 659,027 | – | (10,417) | – | 648,610 | 04.04.2017 |
| | 1,677,422 | 659,027 | (304,170) | (163,383) | (300,685) | 1,568,211 | |

For options exercised during 2014, the weighted average share price at the date of exercise of share options is £5.84 (2013: £5.56). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2014 had an exercise price in the range of £3.30 to £4.48 (2013: £1.54 to £4.48) and a weighted average contractual life of 1.7 years (2013: 1.7 years).

The LTIP and Sharesave awards, which are subject to an EPS performance condition, were valued using the Black-Scholes valuation method. The LTIP awards which are subject to a share price related performance condition (i.e. TSR) were valued using the Monte Carlo valuation method.

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

## 17 EQUITY COMPENSATION BENEFITS (CONT'D)

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

| 2013 | Date of grant | Awards/ options granted – Directors | Awards/ options granted – Non-directors | Share price prevailing on date of grant £ | Exercise price £ | Fair value £ | Expected term (years) | Expected volatility | Expected dividend yield | Risk-free interest rate |
|---|---|---|---|---|---|---|---|---|---|---|
| LTIP – EPS element | 11.09.2013 | 87,917 | 144,689 | 5.62 | – | 5.22 | 3.00 | – | 2.4% | – |
| LTIP – EPS element | 21.11.2013 | – | 12,558 | 5.88 | – | 5.48 | 3.00 | – | 2.3% | – |
| LTIP – TSR element* | 11.09.2013 | 87,917 | 144,690 | 5.62 | – | 2.08 | 3.00 | 23.8% | 2.4% | 0.6% |
| LTIP – TSR element* | 21.11.2013 | – | 12,559 | 5.88 | – | 2.22 | 3.00 | 20.8% | 2.3% | 0.5% |
| Sharesave Scheme (3 year) | 19.04.2013 | – | 62,344 | 5.60 | 4.48 | 1.34 | 3.25 | 27.1% | 2.4% | 0.4% |
| Sharesave Scheme (5 year) | 19.04.2013 | – | 6,694 | 5.60 | 4.48 | 2.01 | 5.25 | 41.3% | 2.4% | 0.8% |
| **2014** | | | | | | | | | | |
| LTIP – EPS element | 04.04.2014 | 86,898 | 242,616 | 5.57 | – | 5.17 | 3.00 | – | 2.4% | – |
| LTIP – TSR element (FTSE 250) | 04.04.2014 | 26,069 | 72,785 | 5.57 | – | 1.61 | 3.00 | 16.5% | 2.4% | 1.0% |
| LTIP – TSR element (hotels) | 04.04.2014 | 26,069 | 72,785 | 5.57 | – | 2.46 | 3.00 | 22.4% to 49.5% | 2.4% | 1.0% |
| LTIP – NAV element | 04.04.2014 | 34,759 | 97,046 | 5.57 | – | 5.17 | 3.00 | – | 2.4% | – |
| Sharesave Scheme (3 year) | 06.05.2014 | – | 96,757 | 5.56 | 4.46 | 1.28 | 3.25 | 22.9% | 2.4% | 1.4% |
| Sharesave Scheme (5 year) | 06.05.2014 | – | 7,934 | 5.56 | 4.46 | 1.80 | 5.25 | 33.1% | 2.4% | 2.0% |

* 50% of the new LTIP options granted in 2013 are conditional upon the market performance of M&C.

## 18 INTEREST-BEARING BORROWINGS

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Term loans | 19 | **3,919,116** | 2,765,766 | **1,437,962** | 1,564,711 |
| Finance lease creditors | | **73** | 102 | **–** | – |
| Bonds and notes | 20 | **2,501,763** | 2,191,404 | **1,666,326** | 1,369,214 |
| Bank loans | 21 | **271,075** | 335,672 | **150,784** | 259,580 |
| Bank overdrafts | 14 | **7,121** | 1,173 | **–** | – |
| | | **6,699,148** | 5,294,117 | **3,255,072** | 3,193,505 |
| Repayable: | | | | | |
| – Within 1 year | | **2,232,926** | 893,597 | **859,124** | 601,461 |
| – After 1 year but within 5 years | | **3,922,951** | 3,744,181 | **1,907,182** | 2,242,952 |
| – After 5 years | | **543,271** | 656,339 | **488,766** | 349,092 |
| | | **6,699,148** | 5,294,117 | **3,255,072** | 3,193,505 |

* See note 2.2(i).

## 19 TERM LOANS

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Secured | | **1,035,514** | 626,570 | **–** | – |
| Unsecured | | **2,883,602** | 2,139,196 | **1,437,962** | 1,564,711 |
| | 18 | **3,919,116** | 2,765,766 | **1,437,962** | 1,564,711 |
| Repayable: | | | | | |
| – Within 1 year | | **1,185,716** | 239,889 | **148,684** | 149,935 |
| – After 1 year but within 5 years | | **2,728,838** | 2,521,519 | **1,289,278** | 1,414,776 |
| – After 5 years | | **4,562** | 4,358 | **–** | – |
| | | **3,919,116** | 2,765,766 | **1,437,962** | 1,564,711 |

* See note 2.2(i).

## 19 TERM LOANS (CONT'D)

The term loans are obtained from banks and financial institutions.

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| **Secured term loans** | | | | |
| Repayable: | | | | |
| – Within 1 year | **143,763** | 68,647 | **–** | – |
| – After 1 year but within 5 years | **887,189** | 553,565 | **–** | – |
| – After 5 years | **4,562** | 4,358 | **–** | – |
| | **1,035,514** | 626,570 | **–** | – |

The secured term loans are generally secured by:

– mortgages on development properties of the Company (see note 10);

– mortgages on the borrowing subsidiaries' hotels, investment and development properties (see notes 3, 4 and 10);

– assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties;

– pledge as cash deposits of $165.7 million (2013: $Nil) (see note 14); and

– pledge of shares in a wholly-owned subsidiary.

The Group's secured term loans bear interest at rates ranging from 0.92% to 7.38% (2013: 0.65% to 10.39%) per annum during the year.

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 Restated* | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| **Unsecured term loans** | | | | |
| Repayable: | | | | |
| – Within 1 year | **1,041,953** | 171,242 | **148,684** | 149,935 |
| – After 1 year but within 5 years | **1,841,649** | 1,967,954 | **1,289,278** | 1,414,776 |
| | **2,883,602** | 2,139,196 | **1,437,962** | 1,564,711 |

* See note 2.2(i).

The Group's unsecured term loans bear interest at rates ranging from 0.32% to 5.09% (Restated 2013: 0.80% to 5.29%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.77% to 4.42% (2013: 0.82% to 1.61%) per annum during the year.

## 20 BONDS AND NOTES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 | 2013 Restated* | 2014 | 2013 |
| | | $'000 | $'000 | $'000 | $'000 |
| Secured | | **99,981** | 154,932 | **–** | – |
| Unsecured | | **2,401,782** | 2,036,472 | **1,666,326** | 1,369,214 |
| | 18 | **2,501,763** | 2,191,404 | **1,666,326** | 1,369,214 |
| Repayable: | | | | | |
| – Within 1 year | | **768,976** | 316,830 | **559,656** | 191,946 |
| – After 1 year but within 5 years | | **1,194,078** | 1,222,593 | **617,904** | 828,176 |
| – After 5 years | | **538,709** | 651,981 | **488,766** | 349,092 |
| | | **2,501,763** | 2,191,404 | **1,666,326** | 1,369,214 |
| **Secured bonds and notes** | | | | | |
| Repayable: | | | | | |
| – Within 1 year | | **99,981** | 54,993 | **–** | – |
| – After 1 year but within 5 years | | **–** | 99,939 | **–** | – |
| | | **99,981** | 154,932 | **–** | – |

* See note 2.2(i).

Secured bonds and notes comprise the following:

(i) $100 million (2013: $155 million) medium term notes (MTNs) which comprise 1 series (2013: 2 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bear interest at a rate of 3.02% (2013: ranging from 2.00% to 3.02%) per annum and are secured by a mortgage over the commercial building and land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates in June 2015 (2013: March 2014 and June 2015).

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 Restated* | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| **Unsecured bonds and notes** | | | | |
| Repayable: | | | | |
| – Within 1 year | **668,995** | 261,837 | **559,656** | 191,946 |
| – After 1 year but within 5 years | **1,194,078** | 1,122,654 | **617,904** | 828,176 |
| – After 5 years | **538,709** | 651,981 | **488,766** | 349,092 |
| | **2,401,782** | 2,036,472 | **1,666,326** | 1,369,214 |

* See note 2.2(i).

## 20 BONDS AND NOTES (CONT'D)

Unsecured bonds and notes comprise the following:

(i) $1,670 million (2013: $1,372 million) MTNs which comprise 11 series (2013: 11 series) of notes issued by the Company at various interest rates as part of a $5,000 million (2013: $5,000 million) unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 1.74% to 3.90% (2013: 1.74% to 3.88%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2015 to October 2024 (2013: April 2014 to April 2023);

(ii) $258 million (2013: $120 million) MTNs which comprise 3 series (2013: 2 series) of notes issued by a subsidiary as part of a $1 billion unsecured MTN programme established in 2002 bearing interest at rates ranging from 1.16% to 1.25% (2013: 1.17% to 1.18%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2015 to July 2019 (2013: April 2015 to March 2016);

(iii) $275 million (2013: $275 million) Islamic Trust Certificates (Certificates) which comprise 5 series (2013: 5 series) of certificates issued by a subsidiary (Issuer) under the *Shariah* financing principle of *Ijarah* as part of a $1 billion unsecured Islamic Trust Certificate Programme established in 2008. *Ijarah* financing is a scheme of financing using the leasing concept. The Issuer purchases investment properties and development properties from certain Group entities and provides these assets on leases. The Group has accounted for the transactions as a financing arrangement. The Group's properties under *Ijarah* financing continue to be accounted for as investment properties and development properties. The amounts paid and payable to the Certificate holders have been recorded as finance costs in profit or loss.

The Certificates bear coupon rates ranging from 1.57% to 3.25% (2013: 1.57% to 3.57%) per annum. Unless previously redeemed or purchased and cancelled, the Certificates are redeemable at their principal amounts on their respective maturity dates from January 2015 to April 2020 (2013: January 2015 to April 2020); and

(iv) $204 million (Restated 2013: $274 million) MTNs which comprise 2 series (2013: 3 series) of notes issued by a subsidiary as part of a $1,000 million unsecured MTN programme established in 2010 bearing interest at rates ranging from 1.27% to 2.50% (Restated 2013: 1.32% to 2.50%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from August 2016 to June 2018 (Restated 2013: August 2014 to June 2018).

## 21 BANK LOANS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 | 2013 Restated* | 2014 | 2013 |
| | | $'000 | $'000 | $'000 | $'000 |
| Bank loans repayable within 1 year – unsecured | 18 | **271,075** | 335,672 | **150,784** | 259,580 |

* See note 2.2(i).

The Group's and the Company's unsecured bank loans bear interest at rates ranging from 0.52% to 3.80% (2013: 0.51% to 1.16%) per annum during the year.

## 22 EMPLOYEE BENEFITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 $'000 | 2013 $'000 | 2014 $'000 | 2013 $'000 |
| Net liability for: | | | | |
| – defined benefit obligations | **31,059** | 37,254 | **–** | – |
| – short-term accumulating compensated absences | **19,445** | 17,318 | **2,971** | 2,639 |
| – long service leave | **591** | 852 | **–** | – |
| | **51,095** | 55,424 | **2,971** | 2,639 |
| Repayable: | | | | |
| – Within 1 year | **20,024** | 17,903 | **2,971** | 2,639 |
| – After 1 year | **31,071** | 37,521 | **–** | – |
| | **51,095** | 55,424 | **2,971** | 2,639 |

| | Group | |
|---|---|---|
| | 2014 $'000 | 2013 $'000 |
| **Net liability for defined benefit obligations** | | |
| Present value of unfunded obligations | **24,932** | 10,658 |
| Present value of funded obligations | **129,468** | 133,730 |
| Fair value of plan assets | **(123,341)** | (107,134) |
| Liability for defined benefit obligations | **31,059** | 37,254 |
| **Changes in the present value of defined benefit obligations** | | |
| Defined benefit obligations at 1 January | **144,388** | 129,968 |
| Remeasurements | | |
| – Experience adjustment | **(3,071)** | 591 |
| – Actuarial (gains)/losses from changes in demographic assumptions | **(1,393)** | 5,806 |
| – Actuarial losses/(gains) from changes in financial assumptions | **12,140** | (1,199) |
| Benefits paid | **(4,786)** | (5,644) |
| Contributions paid by employer | **(708)** | – |
| Interest cost | **5,966** | 5,079 |
| Current service costs | **3,208** | 3,642 |
| Past service costs | **17** | (54) |
| Translation differences on consolidation | **(1,361)** | 6,199 |
| Defined benefit obligations at 31 December | **154,400** | 144,388 |

## 22 EMPLOYEE BENEFITS (CONT'D)

| | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| **Changes in the fair value of plan assets** | | |
| Fair value of plan assets at 1 January | **107,134** | 95,194 |
| Return on plan assets, excluding interest income | **12,110** | 2,614 |
| Contributions by employees | **367** | 120 |
| Contributions by employer | **6,291** | 5,452 |
| Benefits paid | **(5,573)** | (5,644) |
| Interest income | **4,621** | 3,931 |
| Translation differences on consolidation | **(1,609)** | 5,467 |
| Fair value of plan assets at 31 December | **123,341** | 107,134 |

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

| | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| Equity | **43,163** | 49,716 |
| Bonds | **3,080** | 1,829 |
| Cash | **77,098** | 55,589 |
| Fair value of plan assets | **123,341** | 107,134 |
| **Expenses recognised in the income statement** | | |
| Current service costs | **3,208** | 3,642 |
| Net interest on net defined benefit liability | **1,345** | 1,148 |
| Past service costs | **17** | (54) |
| Defined benefit obligation expenses | **4,570** | 4,736 |

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

| | Note | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|---|
| Cost of sales | | **1,488** | 1,418 |
| Administrative expenses | | **2,640** | 3,045 |
| Other operating expenses | | **442** | 273 |
| Defined benefit obligation expenses | 28 | **4,570** | 4,736 |

## 22 EMPLOYEE BENEFITS (CONT'D)

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

| | 2014<br>Years | 2013<br>Years |
|---|---|---|
| Males | **25** | 25 |
| Females | **27** | 27 |

The weighted average duration of the defined benefit obligations as at 31 December 2014 was 26 years (2013: 26 years).

The Group expects £3.0 million (approximately $8.6 million) contributions to be paid to the defined benefit plans in 2015.

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

*United Kingdom (UK)*

The Group makes contributions to a pension scheme for its UK employees, which was set up in 1993. The plan operates a funded defined benefit arrangement together with a defined contribution plan, both with different categories of membership. The defined benefit section of the plan was closed to new entrants in 2001 and at the same time rights to a guaranteed minimum pension (GMP) under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2014 and this has been updated on an approximate basis to 31 December 2014. The contributions of the Group during the year were 24% (2013: 21%) of pensionable salary.

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

*South Korea*

The Group makes contributions to a defined benefit pension plan for its employees in South Korea. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2014. 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.

## 22 EMPLOYEE BENEFITS (CONT'D)

*Taiwan*

The Group makes contributions to a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2014. The contributions of the Group were 6.0% (2013: 6.0%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The defined benefit plans are administered by pension funds that are legally separated from the Group. The boards of the pension funds are required by law to act in the best interests of the plan participants.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

The above plans are substantially funded by the Group's subsidiaries. The funding requirements are based on pension funds' actuarial measurement framework set out in the funding policies of the plans.

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

| | **2014 UK** | **2014 South Korea** | **2014 Taiwan** | **2013 UK** | **2013 South Korea** | **2013 Taiwan** |
|---|---|---|---|---|---|---|
| Inflation rate | **3.2%** | **3.0%** | **–** | 3.6% | 3.0% | – |
| Discount rate* | **3.7%** | **2.8%** | **2.0%** | 4.5% | 4.3% | 2.0% |
| Rate of salary increase | **3.7%** | **5.0%** | **3.0%** | 4.1% | 5.0% | 3.0% |
| Rate of pension increases | **3.2%** | **–** | **–** | 3.6% | – | – |
| Rate of revaluation | **2.2%** | **–** | **–** | 2.6% | – | – |
| Annual expected return on plan assets | **3.7%** | **2.8%** | **2.0%** | 4.5% | 4.3% | 2.0% |

* The discount rate used in respect of the UK Plan of 3.7% (2013: 4.5%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK defined benefit plan assets for 2014 was 3.7% (2013: 4.5%).

## 22 EMPLOYEE BENEFITS (CONT'D)

**Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in one of the relevant actuarial assumptions by one percent, holding other assumptions consistent.

| | Defined benefit obligation 1 percent increase $'000 | 1 percent decrease $'000 |
|---|---|---|
| **Group** | | |
| **2014** | | |
| Discount rate | (23,427) | 27,848 |
| Rate of salary increase | 5,552 | (4,990) |
| **2013** | | |
| Discount rate | (39,310) | 49,081 |
| Rate of salary increase | 25,839 | (21,806) |

## 23 OTHER LIABILITIES

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Miscellaneous (principally deposits received and payables) | | **14,631** | 9,682 | **–** | – |
| Rental deposits | | **62,870** | 58,512 | **6,697** | 11,672 |
| Non-current retention sums payable | | **37,818** | 36,508 | **7,621** | 11,165 |
| Deferred income | | **21,203** | 5,091 | **–** | – |
| Derivative financial liabilities | | **–** | 421 | **–** | – |
| Amount owing to a subsidiary | 5 | **–** | – | **225,000** | 275,000 |
| | | **136,522** | 110,214 | **239,318** | 297,837 |

* See note 2.2(i).

Included in deferred income is an amount of $15,253,000 (2013: $Nil) relating to the deferred gain on the sale of cash flows as disclosed in note 34(III)(a).

## 24 PROVISIONS

| | Beijing indemnity $'000 | Onerous contracts $'000 | Capital expenditure $'000 | Legal $'000 | Dilapidation $'000 | Rental guarantee $'000 | Cash flows support (note 34) $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| At 1 January 2014, as restated* | 15,208 | 76 | 4,007 | 9,705 | 3,091 | 1,810 | – | 33,897 |
| Provisions made/ (Write-back) | – | – | 210 | 1,670 | (2,087) | – | 24,912 | 24,705 |
| Provisions utilised | – | (76) | (335) | – | – | (1,303) | – | (1,714) |
| Translation differences on consolidation | 670 | – | 11 | (61) | (78) | (7) | – | 535 |
| At 31 December 2014 | 15,878 | – | 3,893 | 11,314 | 926 | 500 | 24,912 | 57,423 |
| | | | | | | | | |
| Current | | | | | | | | 40,493 |
| Non-current | | | | | | | | 16,930 |
| | | | | | | | | 57,423 |

* See note 2.2(i).

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

The provision for onerous contracts relates to onerous leases and the balances were released over the life of the leases until 2014.

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

The provision for legal fees relates to provision made in relation to disputes in several hotels.

The provision for dilapidation costs relates to the expected costs to be incurred on termination of a leasehold asset.

The provision for rental guarantee relates to the rental guarantee provided to the buyer of a former subsidiary over a period of 3 years from May 2013 under the equity transfer agreement.

The provision for cash flows support relates to the Group's obligation to Sunbright to fund any shortfall for interest payments and/or annual/daily operational costs.

## 25 DEFERRED TAX LIABILITIES

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

| | At 1 January 2013 Restated* $'000 | Recognised in profit or loss (note 29) $'000 | Recognised in the statement of comprehensive income (note 29) $'000 | Recognised directly in equity $'000 | Translation differences on consolidation $'000 | At 31 December 2013 Restated* $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Deferred tax liabilities** | | | | | | |
| Property, plant and equipment | 306,194 | (28,711) | – | – | 10,598 | 288,081 |
| Investment properties | 43,128 | 3,928 | – | – | (207) | 46,849 |
| Development properties | 47,965 | (5,315) | – | – | – | 42,650 |
| Others | 1,700 | 185 | – | – | 3 | 1,888 |
| | 398,987 | (29,913) | – | – | 10,394 | 379,468 |
| **Deferred tax assets** | | | | | | |
| Property, plant and equipment | (454) | (134) | – | – | (18) | (606) |
| Tax losses | (29,420) | (6,799) | – | – | (748) | (36,967) |
| Employee benefits | (11,745) | – | (722) | (333) | (765) | (13,565) |
| Others | (8,679) | 5,220 | 8 | – | (143) | (3,594) |
| | (50,298) | (1,713) | (714) | (333) | (1,674) | (54,732) |
| **Total** | 348,689 | (31,626) | (714) | (333) | 8,720 | 324,736 |

* See note 2.2(i).

## 25 DEFERRED TAX LIABILITIES (CONT'D)

| | At 1 January 2014 Restated* $'000 | Recognised in profit or loss (note 29) $'000 | Recognised in the statement of comprehensive income (note 29) $'000 | Recognised directly in equity $'000 | Acquisition of subsidiaries (note 34) $'000 | Translation differences on consolidation $'000 | At 31 December 2014 $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Deferred tax liabilities** | | | | | | | |
| Property, plant and equipment | 288,081 | (22,614) | – | – | – | 7,091 | 272,558 |
| Investment properties | 46,849 | (210) | – | – | – | (53) | 46,586 |
| Development properties | 42,650 | 5,409 | – | – | – | – | 48,059 |
| Others | 1,888 | 3,460 | – | – | – | 1 | 5,349 |
| | 379,468 | (13,955) | – | – | – | 7,039 | 372,552 |
| **Deferred tax assets** | | | | | | | |
| Property, plant and equipment | (606) | (198) | – | – | – | (33) | (837) |
| Tax losses | (36,967) | (1,000) | – | – | (198) | (1,121) | (39,286) |
| Employee benefits | (13,565) | – | 904 | 440 | – | 97 | (12,124) |
| Others | (3,594) | (6,833) | – | – | – | (367) | (10,794) |
| | (54,732) | (8,031) | 904 | 440 | (198) | (1,424) | (63,041) |
| **Total** | 324,736 | (21,986) | 904 | 440 | (198) | 5,615 | 309,511 |

* See note 2.2(i).

| | At 1 January 2013 $'000 | Recognised in profit or loss $'000 | At 31 December 2013 $'000 |
|---|---|---|---|
| **Company** | | | |
| **Deferred tax liabilities** | | | |
| Property, plant and equipment | 368 | 63 | 431 |
| Investment properties | 11,735 | 2,165 | 13,900 |
| Development properties | 34,942 | (1,298) | 33,644 |
| | 47,045 | 930 | 47,975 |
| **Deferred tax asset** | | | |
| Others | (1,203) | 640 | (563) |
| **Total** | 45,842 | 1,570 | 47,412 |

## 25 DEFERRED TAX LIABILITIES (CONT'D)

| | At 1 January 2014 $'000 | Recognised in profit or loss $'000 | At 31 December 2014 $'000 |
|---|---|---|---|
| **Company** | | | |
| **Deferred tax liabilities** | | | |
| Property, plant and equipment | 431 | (178) | 253 |
| Investment properties | 13,900 | (302) | 13,598 |
| Development properties | 33,644 | 2,817 | 36,461 |
| | 47,975 | 2,337 | 50,312 |
| **Deferred tax asset** | | | |
| Others | (563) | (1,999) | (2,562) |
| **Total** | 47,412 | 338 | 47,750 |

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:

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|---|
| Deferred tax assets | 9 | **7,344** | 4,075 | **–** | – |
| Deferred tax liabilities | | **(316,855)** | (328,811) | **(47,750)** | (47,412) |
| | | **(309,511)** | (324,736) | **(47,750)** | (47,412) |

* See note 2.2(i).

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 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| Deductible temporary differences | **149,243** | 153,810 |
| Tax losses | **214,026** | 257,720 |
| | **363,269** | 411,530 |

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

## 25 DEFERRED TAX LIABILITIES (CONT'D)

The tax losses with expiry dates are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Expiry dates | | |
| – Within 1 to 5 years | **58,643** | 84,956 |

## 26 TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | | Restated* | | |
| | | $'000 | $'000 | $'000 | $'000 |
| Trade payables | | **146,395** | 136,876 | **10,686** | 13,171 |
| Accruals | | **584,337** | 546,592 | **157,616** | 151,861 |
| Deferred income | | **290,350** | 392,077 | **33** | 12 |
| Other payables | | **193,857** | 39,863 | **859** | 908 |
| Rental and other deposits | | **48,732** | 56,472 | **10,279** | 5,053 |
| Retention sums payable | | **42,149** | 35,496 | **14,199** | 8,294 |
| Derivative financial liabilities | | **581** | 1,824 | **–** | – |
| Amounts owing to: | | | | | |
| – subsidiaries | 5 | **–** | – | **1,554,316** | 1,330,438** |
| – joint ventures | 7 | **25,226** | 23,386 | **22,727** | 21,022 |
| – fellow subsidiaries | 13 | **138,344** | 94,638 | **12** | 6 |
| – an associate of ultimate holding company | | **–** | 8 | **–** | 8 |
| | | **1,469,971** | 1,327,232 | **1,770,727** | 1,530,773 |

* See note 2.2(i).

** Included in amounts owing to subsidiaries is an amount of $21,000 owing to CDLHT, reclassified from amounts owing to an associate due to the adoption of FRS 110 *Consolidated Financial Statements*.

## 27 REVENUE

Revenue of the Group includes property development income, income from owning and operating hotels, gross rental income, income from provision of information technology and procurement services, dividend income, project management and consultancy fees, property management fees, club income and net results from sale of investments but excludes intra-group transactions.

Property development income consists mainly of sale proceeds of commercial and residential properties and projects under development.

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | | **Restated*** |
| | **$'000** | **$'000** |
| Dividends from investments: | | |
| – fellow subsidiaries | | |
| – quoted | **1,555** | 1,293 |
| – unquoted | **3,375** | 2,869 |
| – others | | |
| – quoted equity investments | **1,742** | 1,389 |
| – unquoted equity investments | **–** | 687 |
| Hotel operations | **1,678,343** | 1,529,381 |
| Property development (recognised on a percentage of completion basis) | **1,062,231** | 1,089,752 |
| Property development (recognised on completion) | **518,927** | 108,332 |
| Profit on sale of investments | **5** | – |
| Rental and car park income from investment properties | **384,655** | 378,883 |
| Others | **113,105** | 100,751 |
| | **3,763,938** | 3,213,337 |

* See note 2.2(i).

## 28 PROFIT FOR THE YEAR

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

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 |
|---|---|---|---|
| **Other operating income** | | | |
| Gain on dilution of investment in an associate | | **6,843** | – |
| Gain on loss of control in subsidiaries | 34 | **330,896** | 29,208 |
| Gain on liquidation of subsidiaries | | **–** | 35 |
| Insurance proceeds received | | **510** | 4,297 |
| Management fees and miscellaneous income | | **7,516** | 4,562 |
| Profit on realisation of investments in relation to financial assets with related parties | | **9,552** | 9,001 |
| Profit on sale of investments, property, plant and equipment and investment properties | | **198** | 151,810 |
| | | **355,515** | 198,913 |
| **Staff costs** | | | |
| Contributions to defined contribution plans | | **37,033** | 36,457 |
| Equity settled share-based transactions | | **637** | 1,644 |
| Increase in liability for defined benefit plans | 22 | **4,570** | 4,736 |
| Increase in liability for short-term accumulating compensated absences | | **1,981** | 896 |
| (Decrease)/Increase in liability for long service leave | | **(266)** | 486 |
| Wages and salaries | | **725,662** | 666,249 |
| | | **769,617** | 710,468 |
| Less: | | | |
| Staff costs capitalised in: | | | |
| – development properties | | **(6,520)** | (4,941) |
| – property, plant and equipment | | **(316)** | (196) |
| | | **762,781** | 705,331 |
| **Other expenses** | | | |
| Amortisation of intangible assets | | **652** | 435 |
| Amortisation of lease premium prepayment | | **3,683** | 3,358 |
| Audit fees paid to: | | | |
| – auditors of the Company | | **2,680** | 2,521 |
| – other auditors of the subsidiaries | | **3,580** | 3,529 |
| Non-audit fees: | | | |
| – auditors of the Company | | **10,143** | 959 |
| – other auditors of the subsidiaries | | **2,736** | 2,544 |
| Charge of impairment losses on: | | | |
| – amounts owing by joint ventures | 7 | **2,491** | 1,091 |
| – investment property | 4 | **–** | 2,324 |
| – intangible assets | | **4** | – |
| – property, plant and equipment (net) | 3 | **–** | 23,706 |
| – trade and other receivables | 11 | **1,084** | 6,697 |
| Depreciation of: | | | |
| – investment properties | 4 | **72,858** | 72,338 |
| – property, plant and equipment | 3 | **122,809** | 112,013 |
| Direct operating expenses arising from investment properties which are not leased | | **172** | 167 |
| Direct operating expenses arising from rental of investment properties (excluding depreciation) | | **96,409** | 99,194 |
| Exchange loss (net) | | **398** | 2,276 |

* See note 2.2(i).

## 28 PROFIT FOR THE YEAR (CONT'D)

| | Note | Group 2014 $'000 | Group 2013 Restated* $'000 |
|---|---|---|---|
| **Other expenses (cont'd)** | | | |
| Loss on liquidation of subsidiaries | | **–** | 35 |
| Operating lease expenses | | **21,670** | 18,083 |
| Property, plant and equipment and investment properties written off | | **309** | 434 |
| Allowance made/(written back) for foreseeable losses on development properties (net) | 10 | **24,229** | (2,566) |
| **Finance income** | | | |
| Interest income | | | |
| – associates | | **–** | 2,153 |
| – fellow subsidiaries | | **57** | 238 |
| – fixed deposits with financial institutions | | **21,065** | 15,278 |
| – joint ventures | | **11,849** | 8,450 |
| – others | | **4,336** | 1,602 |
| Mark-to-market gain on financial assets held for trading (net) | | **4,136** | 3,490 |
| | | **41,443** | 31,211 |
| Finance income capitalised in development properties | | **(895)** | (566) |
| Total finance income | | **40,548** | 30,645 |
| **Finance costs** | | | |
| Amortisation of transaction costs capitalised | | **9,842** | 6,915 |
| Impairment loss on available-for-sale financial asset | | **8,742** | – |
| Interest expense | | | |
| – banks | | **70,840** | 54,010 |
| – bonds and notes | | **61,434** | 55,909 |
| – fellow subsidiaries | | **2,689** | 2,444 |
| – associates | | **–** | 2,656 |
| – others | | **8,234** | 1,468 |
| Mark-to-market loss on financial assets held for trading (net) | | **91** | 975 |
| | | **161,872** | 124,377 |
| Finance costs capitalised in: | | | |
| – development properties | | **(29,010)** | (30,318) |
| – investment properties | | **(689)** | (1,248) |
| – property, plant and equipment | | **(1,140)** | (814) |
| Total finance costs | | **131,033** | 91,997 |
| **Net finance costs** | | **90,485** | 61,352 |

* See note 2.2(i).

## 28 PROFIT FOR THE YEAR (CONT'D)

| | Group 2014 | Group 2013 Restated* |
|---|---|---|
| | $'000 | $'000 |
| The above finance income and finance costs (including amounts capitalised) include the following interest income and expense in respect of assets and liabilities not at fair value through profit or loss: | | |
| – Total interest income on financial assets | **35,701** | 27,155 |
| – Total finance costs on financial liabilities | **114,108** | 82,643 |

* See note 2.2(i).

Included in the mark-to-market gain on financial assets held for trading is a loss of $155,000 (2013: gain of $2,052,000) recognised on shares of listed subsidiaries which are held by the Group for trading purposes. As these shares are held for trading purposes, and not as part of the controlling block of shares held in the subsidiaries, the relevant portion of equity represented is not consolidated.

Net finance costs of the Group and the Company have been capitalised at rates ranging from 0.03% to 6.12% (2013: 0.01% to 2.50%) and 0.05% to 0.63% (2013: 0.08% to 1.49%) per annum for development properties, investment properties and property, plant and equipment respectively.

## 29 INCOME TAX EXPENSE

| | Note | Group 2014 | Group 2013 Restated* |
|---|---|---|---|
| | | $'000 | $'000 |
| **Current tax expense** | | | |
| Current year | | **124,021** | 186,746 |
| Over provision in respect of prior years | | **(6,373)** | (85,557) |
| | | **117,648** | 101,189 |
| **Deferred tax expense** | | | |
| Movements in temporary differences | | **650** | (46,175) |
| Effect of changes in tax rates and legislation | | **3,436** | 3,645 |
| (Over)/Under provision in respect of prior years | | **(26,072)** | 10,904 |
| | 25 | **(21,986)** | (31,626) |
| **Land appreciation tax** | | | |
| Current year | | **(565)** | – |
| **Total income tax expense** | | **95,097** | 69,563 |

* See note 2.2(i).

## 29 INCOME TAX EXPENSE (CONT'D)

**Income tax recognised in other comprehensive income**

| | 2014 Before tax $'000 | 2014 Tax (expense)/ benefit (note 25) $'000 | 2014 Net of tax $'000 | 2013 Before tax Restated* $'000 | 2013 Tax (expense)/ benefit (note 25) Restated* $'000 | 2013 Net of tax Restated* $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Defined benefit plan remeasurements | **4,434** | **(904)** | **3,530** | (2,584) | 722 | (1,862) |
| Change in fair value of available-for-sale equity investments | **(523)** | **–** | **(523)** | 727 | – | 727 |
| Change in fair value of available-for-sale equity investments reclassified to profit or loss | **8,742** | **–** | **8,742** | – | – | – |
| Effective portion of changes in fair value of cash flow hedges | **(213)** | **–** | **(213)** | 67 | (8) | 59 |
| Exchange differences on hedges of net investment in foreign entities | **12,276** | **–** | **12,276** | 20,409 | – | 20,409 |
| Exchange differences on monetary items forming part of net investment in foreign entities | **(14,354)** | **–** | **(14,354)** | (20,768) | – | (20,768) |
| Exchange differences realised on dilution of investment in an associate/loss of control in subsidiaries reclassified to profit or loss | **(757)** | **–** | **(757)** | (1,048) | – | (1,048) |
| Share of other reserve movements of associates | **(1,317)** | **–** | **(1,317)** | (53) | – | (53) |
| Share of other reserve movements of an associate transferred to profit or loss upon dilution | **1,528** | **–** | **1,528** | – | – | – |
| Translation differences arising on consolidation of foreign entities | **33,804** | **–** | **33,804** | 133,673 | – | 133,673 |
| | **43,620** | **(904)** | **42,716** | 130,423 | 714 | 131,137 |

* See note 2.2(i).

## 29 INCOME TAX EXPENSE (CONT'D)

***Reconciliation of effective tax rate***

| | Group | |
|---|---|---|
| | **2014** | **2013 Restated*** |
| | **$'000** | **$'000** |
| Profit before income tax | **1,003,730** | 948,052 |
| Income tax using the Singapore tax rate of 17% (2013: 17%) | **170,634** | 161,169 |
| Income not subject to tax | **(124,578)** | (54,417) |
| Expenses not deductible for tax purposes | | |
| – expenses | **66,847** | 41,707 |
| – write-back | **(4,976)** | (9,604) |
| Effect of changes in tax rates and legislation | **3,436** | 3,645 |
| Effect of different tax rates in other countries | **8,733** | (4,060) |
| Effect of share of results of joint ventures | **3,840** | 6,553 |
| Land appreciation tax | **(565)** | – |
| Unrecognised deferred tax assets | **10,973** | 7,440 |
| Tax effect of losses not allowed to be set off against future taxable profits | **232** | 657 |
| Tax incentives | **(685)** | (595) |
| Utilisation of previously unrecognised deferred tax assets | **(6,349)** | (8,279) |
| Over provision in respect of prior years | **(32,445)** | (74,653) |
| | **95,097** | 69,563 |

* See note 2.2(i).

## 30 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

| | Group | |
|---|---|---|
| | **2014** | **2013 Restated*** |
| | **$'000** | **$'000** |
| Profit attributable to owners of the Company | **769,637** | 686,241 |
| Less: | | |
| Dividends on non-redeemable convertible non-cumulative preference shares | **(12,904)** | (12,904) |
| Profit attributable to ordinary shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends | **756,733** | 673,337 |

* See note 2.2(i).

## 30 EARNINGS PER SHARE (CONT'D)

| | Group | |
|---|---|---|
| | **2014 Number of shares** | **2013 Number of shares** |
| Weighted average number of ordinary shares | **909,301,330** | 909,301,330 |
| Basic earnings per share | **83.2 cents** | 74.0 cents |

Diluted earnings per share is based on:

| | **2014** | **2013 Restated*** |
|---|---|---|
| | **$'000** | **$'000** |
| Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends | **756,733** | 673,337 |
| Add: | | |
| Dividends on non-redeemable convertible non-cumulative preference shares | **12,904** | 12,904 |
| Net profit used for computing diluted earnings per share | **769,637** | 686,241 |

* See note 2.2(i).

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares, with the potential ordinary shares weighted for the period outstanding.

The effect of the potential ordinary shares on the weighted average number of ordinary shares in issue is as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013 Restated*** |
| | **Number of shares** | **Number of shares** |
| Weighted average number of ordinary shares issued used in the calculation of basic earnings per share | **909,301,330** | 909,301,330 |
| Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares | **44,998,898** | 44,998,898 |
| Weighted average number of ordinary shares issued and potential shares assuming full conversion | **954,300,228** | 954,300,228 |
| Diluted earnings per share | **80.6 cents** | 71.9 cents |

* See note 2.2(i).

## 31 DIVIDENDS

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2013: 8.0 cents) per ordinary share in respect of financial year ended 31 December 2013 | **72,744** | 72,744 |
| Special final tax exempt (one-tier) ordinary dividend paid of 5.0 cents per ordinary share in respect of financial year ended 31 December 2013 | **–** | 45,465 |
| Special interim tax exempt (one-tier) ordinary dividend paid of 4.0 cents (2013: 8.0 cents) per ordinary share in respect of financial year ended 31 December 2014 | **36,372** | 72,744 |
| Non-cumulative tax exempt (one-tier) preference dividend paid of 1.93 cents (2013: 1.94 cents) per preference share | **6,399** | 6,434 |
| Non-cumulative tax exempt (one-tier) preference dividend paid of 1.97 cents (2013: 1.96 cents) per preference share | **6,505** | 6,470 |
| | **122,020** | 203,857 |

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

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2013: 8.0 cents) per ordinary share | **72,744** | 72,744 |
| Special final tax exempt (one-tier) ordinary dividend of 4.0 cents (2013: Nil cents) per ordinary share | **36,372** | – |
| | **109,116** | 72,744 |

## 32 COMMITMENTS

The Group and the Company have the following commitments as at the reporting date:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 Restated* | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Development expenditure contracted but not provided for in the financial statements | **1,375,700** | 979,111 | **262,367** | 253,943 |
| Capital expenditure contracted but not provided for in the financial statements | **83,665** | 191,105 | **36** | 550 |
| Commitments in respect of purchase of properties for which deposits have been paid | **157,498** | – | **–** | – |
| Commitments in respect of capital contribution to funds** | **34,754** | 100,316 | **–** | – |

* See note 2.2(i).

** Includes capital commitments of US$26,267,000 (approximately $34,754,000) (2013: US$58,415,000 (approximately $74,029,000)) in relation to investment in financial assets with related parties.

## 32 COMMITMENTS (CONT'D)

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013 Restated*** | **2014** | **2013** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Within 1 year | **19,329** | 22,320 | **4,895** | 6,553 |
| After 1 year but within 5 years | **65,606** | 69,160 | **4,770** | 6,517 |
| After 5 years | **288,584** | 312,408 | **–** | – |
| | **373,519** | 403,888 | **9,665** | 13,070 |

* See note 2.2(i).

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit of the relevant properties, of $640,000 for the Group had been recognised as an expense in profit or loss for the year ended 31 December 2013.

Included in the non-cancellable operating lease rental payables above are commitments with an associate and a related entity controlled by a key management personnel amounting to $114,000 and $203,000 respectively (Restated 2013: $Nil and $368,000 respectively).

(b) The Group and the Company lease out some of their investment properties and development properties. Non-cancellable operating lease rentals are receivable as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013 Restated*** | **2014** | **2013** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Within 1 year | **293,595** | 305,010 | **53,134** | 60,325 |
| After 1 year but within 5 years | **482,960** | 448,110 | **34,332** | 66,783 |
| After 5 years | **157,248** | 86,776 | **–** | – |
| | **933,803** | 839,896 | **87,466** | 127,108 |

* See note 2.2(i).

Contingent rents, generally determined based on a percentage of tenants' revenue, of $10,982,000 (2013: $5,282,000) and $1,065,000 (2013: $1,099,000) have been recognised as income by the Group and the Company, respectively, in profit or loss during the year.

## 32 COMMITMENTS (CONT'D)

Included in the non-cancellable operating lease rental receivables above are commitments with related parties which are set out below.

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 Restated* | 2014 | 2013 Restated* |
| | $'000 | $'000 | $'000 | $'000 |
| Non-cancellable operating lease rental receivables from: | | | | |
| – a joint venture | **78** | 303 | **–** | 209 |
| – a fellow subsidiary | **3,773** | 4,412 | **236** | 537 |
| – an associate of the ultimate holding company | **196** | 393 | **–** | – |
| – a related entity controlled by a close family member of a key management personnel of the ultimate holding company | **–** | 149 | **–** | – |
| – subsidiaries | **–** | – | **2,301** | 4,928 |
| | **4,047** | 5,257 | **2,537** | 5,674 |

* See note 2.2(i).

## 33 RELATED PARTIES

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 Restated* |
| | $'000 | $'000 |
| Insurance premium paid and payable to an associate of the ultimate holding company | **1,310** | 1,182 |
| Management services fees received and receivable from: | | |
| – fellow subsidiaries | **1,420** | 1,308 |
| – an associate | **989** | – |
| – joint ventures | **3,276** | 8,609 |
| – a related entity controlled by a key management personnel | **202** | 225 |
| | **5,887** | 10,142 |
| Maintenance services fees received and receivable from: | | |
| – fellow subsidiaries | **331** | 707 |
| – an associate | **43** | – |
| – joint ventures | **44** | 1,718 |
| | **418** | 2,425 |
| Recovery of costs from joint ventures | **17** | 28 |

* See note 2.2(i).

## 33 RELATED PARTIES (CONT'D)

| | Group | |
|---|---|---|
| | 2014 | 2013 Restated* |
| | $'000 | $'000 |
| Rental and rental-related income received and receivable from: | | |
| – fellow subsidiaries | **1,006** | 948 |
| – an associate | **12** | – |
| – an associate of the ultimate holding company | **202** | 202 |
| – a joint venture | **198** | 1 |
| – related entities controlled by a close family member of a key management personnel of the ultimate holding company | **201** | 357 |
| | **1,619** | 1,508 |
| Management services fees paid and payable to a fellow subsidiary | **1,111** | 602 |
| Professional fees paid and payable to firms of which directors of the Company are members: | | |
| – charged to profit or loss | **3** | 77 |
| – included as cost of property, plant and equipment and cost of development properties | **1,409** | 1,302 |
| | **1,412** | 1,379 |
| Rental and rental-related expenses paid and payable to: | | |
| – an associate | **8** | – |
| – a joint venture | **–** | 1,246 |
| – a related entity controlled by a key management personnel | **173** | 162 |
| | **181** | 1,408 |
| Transactions between joint ventures with fellow subsidiaries/an associate of the ultimate holding company are as follows: | | |
| – rental income received and receivable from a fellow subsidiary | **–** | 148 |
| – rental expense paid and payable to a fellow subsidiary | **112** | 112 |
| – management services fees paid and payable to fellow subsidiaries | **6,159** | 6,951 |
| – maintenance services fees paid and payable to a fellow subsidiary | **476** | 281 |
| – insurance premium paid and payable to an associate of the ultimate holding company | **277** | 272 |
| Compensation paid and payable to key management personnel: | | |
| – short-term employee benefits | **40,403** | 36,356 |
| – other long-term benefits | **154** | 578 |
| – share-based payment of a subsidiary | **637** | 1,644 |
| | **41,194** | 38,578 |
| Amounts owing to a key management personnel | **386** | 561 |

* See note 2.2(i).

During the year, the Group acquired two hotels in Japan, as well as all the outstanding shares of capital stock of a company that operates them, from a related party. The total consideration was $65.7 million.

## 34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES AND CHANGE OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

### (I) Acquisition of subsidiaries

During the year, there were the following acquisitions of subsidiaries:

(a) On 19 September 2014, the Group via its indirect wholly-owned subsidiary, Merit City Global Limited, acquired 100% equity interest in Anting Investments Limited (AIL) and assignment of a shareholder's loan due from AIL to its previous shareholder for a cash consideration of US$22.6 million (approximately $28.6 million). AIL is the sole legal and beneficial owner of Shanghai Anting Waratah Real Estate Development Co., Ltd. (Shanghai Anting), a wholly foreign-owned enterprise incorporated in the People's Republic of China.

(b) On 10 December 2014, the Group via its indirectly wholly-owned subsidiary, Shanghai Victory Star Investment Consulting Ltd, acquired 100% equity interest in Shanghai Puman Investment Management Limited (Puman). Puman has a wholly-owned subsidiary, Shanghai Xinshun Investment Management Limited, which in turn holds all the interest in Shanghai Jingwen Zhaoxiang Real Estate Limited (Jingwen) (collectively Puman and its subsidiaries), all of which are incorporated in the People's Republic of China. The total consideration comprising the share acquisition of Puman and its subsidiaries and assignment of loans is approximately RMB 799.4 million (approximately $160.5 million).

The above acquisitions were accounted for as acquisition of assets and were out of scope of FRS 103 *Business Combinations*.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

| | Note | 2014 $'000 |
|---|---|---|
| Property, plant and equipment | 3 | 163 |
| Deferred tax assets | 25 | 198 |
| Development properties | | 228,837 |
| Trade and other receivables | | 5,656 |
| Cash and cash equivalents | | 36,901 |
| Trade and other payables | | (122,209) |
| Provision for taxation | | (2,363) |
| Interest-bearing borrowings | | (16,105) |
| Net assets acquired | | 131,078 |
| Shareholder's loan assumed | | 58,083 |
| Total consideration | | 189,161 |
| Deferred payment | | (605) |
| Cash consideration paid, satisfied in cash | | 188,556 |
| Cash acquired | | (36,901) |
| Total net cash outflow | | 151,655 |

### (II) Change of interests in subsidiaries without loss of control

During the year, there were the following changes of interests in subsidiaries without loss of control:

(a) The Group acquired additional interest in Millennium and Copthorne Hotels plc (M&C) for $75.2 million (2013: $143.5 million) in cash, increasing its ownership from 59% to 61% (2013: from 55% to 59%).

## 34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES AND CHANGE OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

### (II) Change of interests in subsidiaries without loss of control (cont'd)

(b) M&C's indirect non wholly-owned subsidiary, Millennium & Copthorne Hotels New Zealand Limited, acquired the remaining 30% interest in Quantum Limited (Quantum) for a cash consideration of NZ$14,250,000 (approximately $14.6 million), increasing its ownership from 70% to 100% and the Group's effective interest from 32% to 46%.

(c) A subsidiary of M&C, M&C Reit Management Limited (M&C Reit), being a REIT manager for CDL Hospitality Trusts (CDLHT) received 6,143,720 units (2013: 5,402,605 units) in CDLHT in lieu of management fee income during the year. In addition, M&C Reit also disposed of 550,000 units (2013: 1,303,000 units) in CDLHT for cash consideration of about $1.0 million (2013: $2.6 million) during the year. Accordingly, the Group's effective interest in CDLHT changed from 21% to 22% (2013: from 20% to 21%).

The following summarises the effect of changes in the Group's ownership interest in the above subsidiaries:

| | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|
| Consideration paid for acquisition of non-controlling interests | **(89,773)** | (143,538) |
| Proceeds from disposal of units in CDLHT | **996** | 2,616 |
| Net decrease in equity attributable to non-controlling interests | **87,522** | 131,534 |
| Net decrease in equity attributable to owners of the Company | **(1,255)** | (9,388) |
| Represented by: | | |
| Increase/(Decrease) in capital reserve | **3,704** | (5,223) |
| Decrease in hedging reserve | **(2)** | (8) |
| Increase/(Decrease) in other reserve | **5,323** | (32) |
| Increase in share option reserve | **57** | 216 |
| Increase/(Decrease) in foreign currency translation reserve | **5,031** | (13,088) |
| (Decrease)/Increase in accumulated profits | **(15,368)** | 8,747 |
| Net decrease in equity attributable to owners of the Company | **(1,255)** | (9,388) |

### (III) Loss of control in subsidiaries

<u>2014</u>

**(a) Sale of cash flows**

During the year, the Group lost control in its wholly-owned subsidiary, Cityview Place Holdings Pte. Ltd. (Cityview), as a result of the sale of the present and future cash flows of the dividends and other shareholders' distribution (the Dividends) in Cityview to Sunbright Holdings Limited (Sunbright). The Group has a 37.5% interest in Sunbright and therefore, Sunbright is an associate of the Group.

i. Sale and purchase agreement

On 15 December 2014, Baynes Investment Pte. Ltd. (Baynes), a wholly-owned subsidiary of the Group, entered into a conditional sales and purchase agreement (the SPA) with Sunbright, a special purpose vehicle established in the Cayman Islands, to sell the Dividends in its wholly-owned subsidiary, Cityview for a consideration of $800.0 million. The consideration was arrived at, taking into account expected future cash flows from the Dividends and discounting to net present value.

## 34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES AND CHANGE OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

### (III) Loss of control in subsidiaries (cont'd)

**2014 (cont'd)**

**(a) Sale of cash flows (cont'd)**

i. Sale and purchase agreement (cont'd)

The completion of the transaction is conditional upon certain conditions having been fulfilled including the following conditions:

(1) the successful drawdown of certain loans under two separate senior loan facilities (the Senior Loans) from two financial institutions, with an aggregate of $750.0 million to two wholly-owned subsidiaries of Sunbright; and

(2) Sunbright raising funds amounting to not less than $750.0 million from its investors (see (ii) below).

The conditions precedent were fulfilled by 22 December 2014 and the transaction was completed on that date (the Completion).

ii. Profit participation securities

On 22 December 2014, the Group via its wholly-owned subsidiary, Astoria Holdings Limited (Astoria), had subscribed for 37.5% interest in a capital instrument called profit participation securities (PPS) issued by Sunbright. The PPS has a tenor of 5 years and will expire upon final payment of the cash flows arising from the Dividends. The PPS carries a fixed payout amount (the Fixed Payout) at the rate of 5% per annum, which is payable on a semi-annual basis or, at the election of the PPS holders, payable upfront in one lump sum on the date of issue of the PPS.

Astoria, together with other investors (the Third Party Investors), (collectively, the PPS Holders), had elected to receive the Fixed Payout upfront and the total Fixed Payout of $187.5 million was offset against the consideration payable by the PPS holders.

The Group will receive from Sunbright the cash flows purchased from Baynes (after satisfying certain senior ranking liabilities, including capital contributions from the Third Party Investors) in accordance with a pre-agreed order of priority as set out in the terms of the PPS.

iii. Investment Committees

On 22 December 2014, the Group entered into an Investors' Agreement with the Third Party Investors and Sunbright. Under the Investors' Agreement, the management of the affairs of Sunbright and its subsidiaries are delegated to the Investment Committees where the Group has the right to appoint 5 out of 12 members. Taken as a whole, the Group does not have power over the relevant activities of Cityview.

The Group has also determined that it has significant influence over Sunbright because of its representation on the Investment Committees. Accordingly, Sunbright is considered an associate of the Group.

## 34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES AND CHANGE OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

### (III) Loss of control in subsidiaries (cont'd)

**2014 (cont'd)**

**(a) Sale of cash flows (cont'd)**

iv. Repayment of shareholder's loan

As part of the transaction, the subsidiaries of Sunbright had drawn down on the Senior Loans and subsequently extended loans amounting to $700.0 million to Cityview. The loans were used by Cityview to repay the shareholder's loan of $700.0 million on 22 December 2014.

The net assets of the subsidiary (excluding the above shareholder's loans) disposed and the cash flows arising from loss of control in Cityview are provided below:

| | Note | 2014 $'000 |
|---|---|---|
| Properties | | 712,125 |
| Consumable stocks | | 292 |
| Trade and other receivables | | 4,904 |
| Cash and cash equivalents | | 8,217 |
| Trade and other payables | | (13,408) |
| **Net identified assets on disposal** | | 712,130 |
| | | |
| Consideration from PPS holders | | 800,000 |
| Repayment of shareholder's loan | | 700,000 |
| Total consideration | | 1,500,000 |
| Less: | | |
| Interests retained as investment in associate | | (211,000) |
| Transaction costs* | | (205,809) |
| Cash and cash equivalent disposed of | | (8,217) |
| Net cash inflow | | 1,074,974 |
| | | |
| Total consideration | | 1,500,000 |
| Less: | | |
| Net identified assets on disposal | | (712,130) |
| Provision for cash flows support | 24 | (24,912) |
| Transaction costs* | | (205,809) |
| Fixed payout received by the Group | | 70,333 |
| Gain arising from loss on control | | 627,482 |
| Unrealised gain on interest retained** | | (296,586) |
| Recognised in profit or loss | 28 | 330,896 |

* Included in transaction costs are an inducement payment deducted against the consideration payable by Sunbright and professional and legal fees.

** This amount is netted off against the cost of investment in Sunbright.

The gain arising from loss of control in Cityview was recognised in "other operating income" in the consolidated statement of profit or loss.

## 34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES AND CHANGE OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

### (III) Loss of control in subsidiaries (cont'd)

2013

(b) On 31 May 2013, the Group via its indirect wholly-owned subsidiary, CDL China Limited, disposed of its 100% shareholding in Tianjin Trophy Real Estate Co., Ltd. for a consideration of RMB414,380,000 (approximately $85,487,000).

(c) On 23 October 2013, the Group via M&C (India) Holdings Pte. Ltd., an indirect wholly-owned subsidiary held by the Group's 59% owned subsidiary, M&C, disposed of its 60% shareholding in M and C Rakindo Hospitality Private Limited for a consideration of INR350,000,000 (approximately $6,919,000).

The effect of the loss of control in subsidiaries on the cash flow of the Group was as follow:

| | Note | 2013 Carrying amount $'000 |
|---|---|---|
| Property, plant and equipment | 3 | – |
| Assets classified as held for sale: | | |
| – Property, plant and equipment | | 397 |
| – Investment property | | 96,619 |
| – Trade and other receivables | | 1,382 |
| – Cash and cash equivalents | | 5,677 |
| Trade and other receivables | | 92 |
| Cash and cash equivalents | | 1,274 |
| Trade and other payables | | (32) |
| Provision for tax | | (65) |
| Liabilities classified as held for sale: | | |
| – Trade and other payables | | (2,830) |
| – Interest-bearing borrowings | | (39,001) |
| Net assets disposed | | 63,513 |
| Transfer from foreign currency translation reserve | | (1,048) |
| Deferred income | | 733 |
| Gain on loss of control in of subsidiaries | 28 | 29,208 |
| Cash proceeds from disposal | | 92,406 |
| Deferred payment | | (1,805) |
| Cash and cash equivalents disposed of | | (6,951) |
| Net cash inflow | | 83,650 |

## 35 FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is an analysis of the Group's financial instruments:

| | Note | Loans and receivables $'000 | Available-for-sale financial assets $'000 | Financial assets at fair value through profit or loss $'000 | Fair value – hedging instruments $'000 | Liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2014** | | | | | | | |
| **Assets** | | | | | | | |
| Financial assets | 8 | – | 76,460 | 35,232 | – | – | 111,692 |
| Other non-current assets* | | 7,502 | – | – | – | – | 7,502 |
| Trade and other receivables excluding prepayments and tax recoverable | | 1,513,783 | – | – | – | – | 1,513,783 |
| Cash and cash equivalents | 14 | 3,897,574 | – | – | – | – | 3,897,574 |
| | | 5,418,859 | 76,460 | 35,232 | – | – | 5,530,551 |
| **Liabilities** | | | | | | | |
| Interest-bearing borrowings | 18 | – | – | – | – | 6,699,148 | 6,699,148 |
| Trade and other payables excluding deferred income | 26 | – | – | – | 581 | 1,179,040 | 1,179,621 |
| Other liabilities excluding deferred income | 23 | – | – | – | – | 115,319 | 115,319 |
| | | – | – | – | 581 | 7,993,507 | 7,994,088 |

* Excluding deferred tax assets, intangible assets and prepayment.

## 35 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

| | Note | Loans and receivables $'000 | Available-for-sale financial assets $'000 | Financial assets at fair value through profit or loss $'000 | Fair value – hedging instruments $'000 | Liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2013 (restated)*** | | | | | | | |
| **Assets** | | | | | | | |
| Financial assets | 8 | – | 85,116 | 36,534 | – | – | 121,650 |
| Other non-current assets** | | 6,539 | – | – | – | – | 6,539 |
| Trade and other receivables excluding prepayments and tax recoverable | | 1,562,217 | – | – | – | – | 1,562,217 |
| Cash and cash equivalents | 14 | 2,719,578 | – | – | – | – | 2,719,578 |
| | | 4,288,334 | 85,116 | 36,534 | – | – | 4,409,984 |
| **Liabilities** | | | | | | | |
| Interest-bearing borrowings | 18 | – | – | – | – | 5,294,117 | 5,294,117 |
| Trade and other payables excluding deferred income | 26 | – | – | – | 1,824 | 933,331 | 935,155 |
| Other liabilities excluding deferred income | 23 | – | – | – | 421 | 104,702 | 105,123 |
| | | – | – | – | 2,245 | 6,332,150 | 6,334,395 |

* See note 2.2(i).

** Excluding deferred tax assets, intangible assets and prepayment.

## 35 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

| | Note | Loans and receivables $'000 | Available-for-sale financial assets $'000 | Liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2014** | | | | | |
| **Assets** | | | | | |
| Financial assets | 8 | – | 28,419 | – | 28,419 |
| Trade and other receivables excluding prepayments | | 5,475,746 | – | – | 5,475,746 |
| Cash and cash equivalents | 14 | 2,118,494 | – | – | 2,118,494 |
| | | 7,594,240 | 28,419 | – | 7,622,659 |
| **Liabilities** | | | | | |
| Interest-bearing borrowings | 18 | – | – | 3,255,072 | 3,255,072 |
| Trade and other payables excluding deferred income | 26 | – | – | 1,770,694 | 1,770,694 |
| Other liabilities | 23 | – | – | 239,318 | 239,318 |
| | | – | – | 5,265,084 | 5,265,084 |
| **2013** | | | | | |
| **Assets** | | | | | |
| Financial assets | 8 | – | 29,700 | – | 29,700 |
| Trade and other receivables excluding prepayments | | 5,457,245 | – | – | 5,457,245 |
| Cash and cash equivalents | 14 | 1,367,264 | – | – | 1,367,264 |
| | | 6,824,509 | 29,700 | – | 6,854,209 |
| **Liabilities** | | | | | |
| Interest-bearing borrowings | 18 | – | – | 3,193,505 | 3,193,505 |
| Trade and other payables excluding deferred income | 26 | – | – | 1,530,761 | 1,530,761 |
| Other liabilities | 23 | – | – | 297,837 | 297,837 |
| | | – | – | 5,022,103 | 5,022,103 |

## 36 FINANCIAL RISK MANAGEMENT

**Financial risk management objectives and policies**

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

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

The Audit & Risk Committee provides independent oversight of the effectiveness of the financial risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken for speculative purposes except for its use as hedging instruments where appropriate and cost efficient.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Credit risk***

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

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

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade and other receivables. The allowance account in respect of trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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

***Liquidity risk***

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

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | Carrying amount $'000 | Contractual cash flows $'000 | Within 1 year $'000 | After 1 year but within 5 years $'000 | After 5 years $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2014** | | | | | |
| Term loans | 3,919,116 | 4,073,205 | 1,243,575 | 2,824,242 | 5,388 |
| Bonds and notes | 2,501,763 | 2,760,389 | 814,497 | 1,331,622 | 614,270 |
| Bank loans | 271,075 | 271,622 | 271,622 | – | – |
| Trade and other payables** | 1,179,621 | 1,182,544 | 1,182,544 | – | – |
| Bank overdrafts | 7,121 | 7,731 | 7,731 | – | – |
| Finance lease creditors | 73 | 77 | 41 | 36 | – |
| Other liabilities** | 115,319 | 122,263 | 6,944 | 101,091 | 14,228 |
| | 7,994,088 | 8,417,831 | 3,526,954 | 4,256,991 | 633,886 |
| **2013 (restated)*** | | | | | |
| Term loans | 2,765,766 | 2,902,928 | 265,348 | 2,632,066 | 5,514 |
| Bonds and notes | 2,191,404 | 2,396,902 | 359,316 | 1,545,221 | 492,365 |
| Bank loans | 335,672 | 336,354 | 336,354 | – | – |
| Trade and other payables** | 935,155 | 937,267 | 937,267 | – | – |
| Bank overdrafts | 1,173 | 1,173 | 1,173 | – | – |
| Finance lease creditors | 102 | 115 | 39 | 76 | – |
| Other liabilities** | 105,123 | 105,123 | – | 103,730 | 1,393 |
| | 6,334,395 | 6,679,862 | 1,899,497 | 4,281,093 | 499,272 |

* See note 2.2(i).

** Excluding deferred income.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Liquidity risk (cont'd)***

| | Carrying amount $'000 | Contractual cash flows $'000 | Within 1 year $'000 | After 1 year but within 5 years $'000 | After 5 years $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2014** | | | | | |
| Term loans | 1,437,962 | 1,498,929 | 167,844 | 1,331,085 | – |
| Bonds and notes | 1,666,326 | 1,878,750 | 591,663 | 723,505 | 563,582 |
| Bank loans | 150,784 | 150,809 | 150,809 | – | – |
| Trade and other payables* | 1,770,694 | 1,770,726 | 1,770,726 | – | – |
| Other liabilities | 239,318 | 245,187 | 5,869 | 239,318 | – |
| | 5,265,084 | 5,544,401 | 2,686,911 | 2,293,908 | 563,582 |
| **2013** | | | | | |
| Term loans | 1,564,711 | 1,624,299 | 164,995 | 1,459,304 | – |
| Bonds and notes | 1,369,214 | 1,520,067 | 218,769 | 911,114 | 390,184 |
| Bank loans | 259,580 | 259,660 | 259,660 | – | – |
| Trade and other payables* | 1,530,761 | 1,530,761 | 1,530,761 | – | – |
| Other liabilities | 297,837 | 304,491 | 6,654 | 297,837 | – |
| | 5,022,103 | 5,239,278 | 2,180,839 | 2,668,255 | 390,184 |

* Excluding deferred income.

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

***Interest rate risk***

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

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Interest rate risk (cont'd)***

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position.

*Interest rates analysis*

In respect of interest-earning financial assets and interest-bearing financial liabilities, their nominal interest rates at the reporting date and carrying amounts are illustrated as below:

| | | Interest rates per annum | | Carrying amount | | |
|---|---|---|---|---|---|---|
| | **Note** | **Floating rate %** | **Fixed rate %** | **Floating rate $'000** | **Fixed rate $'000** | **Total $'000** |
| **Group** | | | | | | |
| **2014** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | | – | 0.001 to 3.40 | – | 3,334,835 | 3,334,835 |
| Amounts owing by joint ventures** | | – | 1.50 to 4.75 | – | 804,706 | 804,706 |
| | | | | – | 4,139,541 | 4,139,541 |
| **Financial liabilities** | | | | | | |
| Bank overdrafts (secured) | 14 | 4.20 to 5.10 | – | (7,121) | – | (7,121) |
| Term loans | 19 | | | | | |
| – secured | | 1.08 to 7.38 | 4.21 | (1,030,204) | (5,310) | (1,035,514) |
| – unsecured | | 0.33 to 5.09 | 0.60 to 4.70 | (2,684,723) | (198,879) | (2,883,602) |
| Bonds and notes | 20 | | | | | |
| – secured | | – | 3.02 | – | (99,981) | (99,981) |
| – unsecured | | 1.16 to 1.45 | 1.54 to 3.90 | (340,743) | (2,061,039) | (2,401,782) |
| Bank loans (unsecured) | 21 | 0.58 to 3.31 | 1.73 to 2.55 | (259,702) | (11,373) | (271,075) |
| Amounts owing to a fellow subsidiary | 13 | – | 2.00 to 2.50 | – | (138,332) | (138,332) |
| | | | | (4,322,493) | (2,514,914) | (6,837,407) |
| **Total** | | | | (4,322,493) | 1,624,627 | (2,697,866) |

** Carrying amount is net of impairment losses.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Interest rate risk (cont'd)***

| | Note | Interest rates per annum Floating rate % | Fixed rate % | Carrying amount Floating rate $'000 | Fixed rate $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2013 (restated)*** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | | – | 0.001 to 4.50 | – | 2,089,583 | 2,089,583 |
| Amounts owing by joint ventures** | | – | 1.50 to 4.75 | – | 770,613 | 770,613 |
| | | | | – | 2,860,196 | 2,860,196 |
| **Financial liabilities** | | | | | | |
| Bank overdrafts (secured) | 14 | 3.00 | – | (1,173) | – | (1,173) |
| Term loans | 19 | | | | | |
| – secured | | 0.94 to 7.30 | 4.21 | (621,377) | (5,193) | (626,570) |
| – unsecured | | 0.80 to 4.05 | 1.61 to 5.09 | (1,864,798) | (274,398) | (2,139,196) |
| Bonds and notes | 20 | | | | | |
| – secured | | – | 2.00 to 3.02 | – | (154,932) | (154,932) |
| – unsecured | | 1.16 to 1.25 | 1.17 to 3.88 | (203,094) | (1,833,378) | (2,036,472) |
| Bank loans (unsecured) | 21 | 0.53 to 1.16 | – | (335,672) | – | (335,672) |
| Amounts owing to a fellow subsidiary | 13 | – | 2.00 to 2.50 | – | (94,632) | (94,632) |
| | | | | (3,026,114) | (2,362,533) | (5,388,647) |
| **Total** | | | | (3,026,114) | 497,663 | (2,528,451) |
| **Company** | | | | | | |
| **2014** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | | – | 0.17 to 1.10 | – | 1,944,008 | 1,944,008 |
| Amounts owing by: | | | | | | |
| – subsidiaries** | | 0.60 to 4.52 | 1.00 to 1.75 | 1,513,228 | 1,673,772 | 3,187,000 |
| – joint ventures** | | – | 1.50 to 2.00 | – | 268,088 | 268,088 |
| | | | | 1,513,228 | 3,885,868 | 5,399,096 |
| **Financial liabilities** | | | | | | |
| Amounts owing to subsidiaries | 5 | – | 1.00 to 3.25 | – | (680,643) | (680,643) |
| Term loans (unsecured) | 19 | 0.77 to 4.42 | – | (1,437,962) | – | (1,437,962) |
| Bonds and notes (unsecured) | 20 | – | 1.74 to 3.90 | – | (1,666,326) | (1,666,326) |
| Bank loans | 21 | 0.69 to 0.79 | – | (150,784) | – | (150,784) |
| | | | | (1,588,746) | (2,346,969) | (3,935,715) |
| **Total** | | | | (75,518) | 1,538,899 | 1,463,381 |

* See note 2.2(i).

** Carrying amount is net of impairment losses.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Interest rate risk (cont'd)***

| | Note | Interest rates per annum Floating rate % | Fixed rate % | Carrying amount Floating rate $'000 | Fixed rate $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2013** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | | – | 0.10 to 0.91 | – | 1,014,241 | 1,014,241 |
| Amounts owing by: | | | | | | |
| – subsidiaries** | | 0.55 to 1.64 | 1.00 to 1.75 | 1,611,825 | 1,962,847 | 3,574,672 |
| – joint ventures** | | – | 1.50 to 2.00 | – | 267,107 | 267,107 |
| | | | | 1,611,825 | 3,244,195 | 4,856,020 |
| **Financial liabilities** | | | | | | |
| Amounts owing to subsidiaries | 5 | – | 1.00 to 3.24 | – | (486,937) | (486,937) |
| Term loans (unsecured) | 19 | 0.86 to 1.55 | 1.61 | (1,489,728) | (74,983) | (1,564,711) |
| Bonds and notes (unsecured) | 20 | – | 1.74 to 3.88 | – | (1,369,214) | (1,369,214) |
| Bank loans | 21 | 0.53 to 1.16 | – | (259,580) | – | (259,580) |
| | | | | (1,749,308) | (1,931,134) | (3,680,442) |
| **Total** | | | | (137,483) | 1,313,061 | 1,175,578 |

** Carrying amount is net of impairment losses.

*Sensitivity analysis*

For the variable rate financial assets and liabilities, a 100 basis points (bp) increase at the reporting date would have the impact as shown below. A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis, which is based on reporting date of each interest-bearing financial asset and liability, assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation and tax effect.

| | Group 2014 $'000 | Group 2013 Restated* $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|
| **100 bp increase** | | | | |
| Reduction in profit before income tax | **(43,364)** | (30,362) | **(432)** | (1,038) |

* See note 2.2(i).

There is no impact on other components of equity.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Foreign currency risk***

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the United States Dollar, Singapore Dollar, Thai Baht, Hong Kong Dollar, Australian Dollar, Sterling Pound, Renminbi, Japanese Yen, New Zealand Dollar and Euro.

The Group has a decentralised approach to the management of foreign exchange risk. The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. Forward foreign exchange contracts are used purely as a hedging tool, where an active market for the relevant currency exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

Hedging of transaction exposure is undertaken with approved counterparties and within designated limits, using spot or short-term forward contracts to buy or sell the currency concerned, once the timing and the underlying amount of exposure have been determined. Foreign exchange derivatives may also be used to hedge specific transaction exposure where appropriate. Further details of foreign exchange derivatives in place at 31 December 2014 are provided below:

***Cash flow hedges***

A number of forward cross currency swaps were executed in February 2013 by a subsidiary of the Group to hedge the foreign currency risk in respect of the repayment in February 2014 of a US$30 million loan using Korean Won. This loan was extended to a subsidiary in Korea, whose functional currency is Korean Won. The proceeds of the US dollar loan were converted into Korean Won on inception, and the risk being hedged is the variability of the cash flow associated with the repayment of the US$30 million loan principal on its maturity date in February 2014, arising from movement of Korean Won against the US dollar over that one-year period.

The hedges are designated as cash flow hedges, which are considered to be highly effective.

The carrying value of the hedging instruments is restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognised in other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £0.3 million (approximately $658,000) (2013: £0.7 million (approximately $1,409,000) loss).

Amounts recognised in equity are recycled to profit or loss to offset gains and losses when the underlying debt instrument is retranslated at the exchange rate applicable at each period end, and there was no ineffectiveness recognised in the year as a charge in profit or loss.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Foreign currency risk (cont'd)***

The Group's and the Company's exposure to foreign currencies are as follows:

| | United States Dollar $'000 | Singapore Dollar $'000 | Thai Baht $'000 | Hong Kong Dollar $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2014** | | | | |
| Financial assets | 7,572 | – | – | 101 |
| Other non-current assets** | – | – | – | – |
| Trade and other receivables*** | 227 | 988 | 1,225 | – |
| Cash and cash equivalents (net of cash pool overdrafts) | 116,366 | 6,748 | 28 | 2,065 |
| Amount owing (to)/by subsidiaries (net) | (654,718) | (375,359) | 293,614 | 167,348 |
| Interest-bearing borrowings | (100,659) | – | – | (69,972) |
| Trade and other payables**** | (938) | (1,174) | – | (53) |
| | (632,150) | (368,797) | 294,867 | 99,489 |
| **2013 (restated)*** | | | | |
| Financial assets | 1,147 | – | – | 112 |
| Other non-current assets** | – | – | – | – |
| Trade and other receivables*** | 155 | 786 | 1,177 | – |
| Cash and cash equivalents (net of cash pool overdrafts) | (109,553) | 5,597 | 27 | 32,243 |
| Amount owing (to)/by subsidiaries (net) | (230,174) | (512,139) | 272,750 | 152,674 |
| Interest-bearing borrowings | (76,092) | – | – | (66,631) |
| Trade and other payables**** | (241) | (59) | – | (31) |
| | (414,758) | (505,815) | 273,954 | 118,367 |

* See note 2.2(i).

** Excluding deferred tax assets, intangible assets and prepayment.

*** Excluding prepayments and tax recoverable.

**** Excluding deferred income.

| | Australian Dollar $'000 | Sterling Pound $'000 | Renminbi $'000 | Japanese Yen $'000 | New Zealand Dollar $'000 | Euro $'000 | Others $'000 |
|---|---|---|---|---|---|---|---|
| | – | 14,083 | – | – | – | – | 554 |
| | – | – | – | – | – | – | 2,816 |
| | – | 9 | 4,883 | – | – | – | 1,613 |
| | 6,302 | 11,511 | 124,221 | – | 4,299 | (24,699) | 51 |
| | 46,785 | 429,892 | 72,332 | 155,485 | 119,308 | (80,373) | 3,466 |
| | – | (280,169) | (54,303) | (127,981) | – | – | – |
| | – | (128) | (627) | (64) | – | – | (9) |
| | 53,087 | 175,198 | 146,506 | 27,440 | 123,607 | (105,072) | 8,491 |
| | – | 14,239 | – | – | – | – | 637 |
| | – | – | – | – | – | – | 2,959 |
| | – | 4 | 2,407 | – | – | – | 1,601 |
| | 3,183 | 11,855 | 65,266 | – | 341 | 43 | 74 |
| | 49,124 | 203,798 | 90,183 | 48,439 | 122,466 | 6,096 | 156 |
| | – | (135,525) | – | (72,532) | – | – | – |
| | – | (88) | (139) | (19) | – | – | (4) |
| | 52,307 | 94,283 | 157,717 | (24,112) | 122,807 | 6,139 | 5,423 |

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Foreign currency risk (cont'd)***

| | United States Dollar $'000 | Hong Kong Dollar $'000 | Japanese Yen $'000 | Sterling Pound $'000 | Renminbi $'000 | Others $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2014** | | | | | | |
| Trade and other receivables* | – | – | – | – | – | 11 |
| Cash and cash equivalents | 497 | 49 | – | – | – | 16 |
| Amounts owing by/(to) subsidiaries (net) | 15,372 | (12,316) | 92,748 | 280,716 | – | (6) |
| Interest-bearing borrowings | (100,659) | (69,972) | (127,981) | (280,169) | (54,303) | – |
| Trade and other payables** | (43) | (36) | (64) | (128) | (337) | (9) |
| | (84,833) | (82,275) | (35,297) | 419 | (54,640) | 12 |
| **2013** | | | | | | |
| Trade and other receivables* | – | – | – | – | – | 17 |
| Cash and cash equivalents | 475 | 53 | – | – | – | 18 |
| Amounts owing (to)/by subsidiaries (net) | (201) | (11,810) | 33,696 | 135,613 | – | (6) |
| Interest-bearing borrowings | – | (66,631) | (72,532) | (135,525) | – | – |
| Trade and other payables** | – | (17) | (19) | (88) | – | (4) |
| | 274 | (78,405) | (38,855) | – | – | 25 |

* Excluding prepayments.

** Excluding deferred income.

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Foreign currency risk (cont'd)***

*Sensitivity analysis*

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would increase/(decrease) profit and other components of equity before any tax effect by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | Profit before income tax $'000 | Equity $'000 |
|---|---|---|
| **Group** | | |
| **2014** | | |
| United States Dollar | 1,981 | (74,586) |
| Singapore Dollar | (22,235) | – |
| Thai Baht | 10,584 | – |
| Hong Kong Dollar | (7,914) | – |
| Australian Dollar | 1,197 | – |
| Sterling Pound | 17,518 | – |
| Renminbi | 5,725 | – |
| Japanese Yen | (14,801) | – |
| New Zealand Dollar | 652 | – |
| Euro | (622) | – |
| **2013 (restated)*** | | |
| United States Dollar | (15,823) | (30,289) |
| Singapore Dollar | (21,896) | – |
| Thai Baht | 10,166 | – |
| Hong Kong Dollar | (4,514) | – |
| Australian Dollar | 913 | – |
| Sterling Pound | 9,428 | – |
| Renminbi | 6,732 | – |
| Japanese Yen | (3,761) | – |
| New Zealand Dollar | 477 | – |
| Euro | 614 | – |
| **Company** | | |
| **2014** | | |
| United States Dollar | (8,483) | – |
| Hong Kong Dollar | (8,228) | – |
| Japanese Yen | (3,530) | – |
| Sterling Pound | 42 | – |
| Renminbi | (5,464) | – |
| **2013** | | |
| United States Dollar | 27 | – |
| Hong Kong Dollar | (7,841) | – |
| Japanese Yen | (3,886) | – |

* See note 2.2(i).

## 36 FINANCIAL RISK MANAGEMENT (CONT'D)

***Equity price risk***

The Group and the Company are exposed to equity price changes arising from quoted equity investments available for sale and held for trading, and unquoted investments held for trading. An increase in the underlying equity prices of the above investments at the reporting date by 10% (2013: 10%) and 5% (2013: 5%) for the Group and the Company, respectively, would increase profit and other components of equity before any tax effect by the amounts shown below. Similarly, a decrease in the underlying equity prices by 10% (2013: 10%) and 5% (2013: 5%) for the Group and the Company respectively would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

| | Group $'000 | Company $'000 |
|---|---|---|
| **2014** | | |
| **Quoted equity investments available for sale and held for trading** | | |
| Equity | 3,913 | 1,189 |
| Profit before income tax | 3,161 | – |
| **Unquoted investments held for trading** | | |
| Profit before income tax | 334 | – |
| **2013** | | |
| **Quoted equity investments available for sale and held for trading** | | |
| Equity | 3,965 | 1,254 |
| Profit before income tax | 3,339 | – |
| **Unquoted investments held for trading** | | |
| Profit before income tax | 205 | – |

***Financial guarantee***

Two wholly-owned subsidiaries of the Group entered into deeds of guarantee in favour of Sunbright (the Deeds of Guarantee) on 15 December 2014. The maximum exposure of the Group under the Deeds of Guarantee at the end of the reporting period is approximately $87.0 million. At the end of the reporting date, the Group does not consider it probable that the claim will be made against the Group under the financial guarantee.

## 37 FAIR VALUE OF ASSETS AND LIABILITIES

***Fair values versus carrying amounts***

The carrying amounts of the financial instruments of the Group and the Company carried at cost or amortised cost are not materially different from their fair values as at the reporting date except as follows:

| | 2014 Carrying amount $'000 | 2014 Fair value $'000 | 2013 Carrying amount Restated* $'000 | 2013 Fair value Restated* $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Liabilities carried at amortised cost** | | | | |
| Bonds and notes | | | | |
| – secured | **–** | **–** | (99,939) | (102,321) |
| – unsecured | **(1,451,531)** | **(1,442,820)** | (1,641,432) | (1,636,810) |
| Long-term deposits | **(3,243)** | **(3,088)** | (9,682) | (9,895) |
| Term loans | | | | |
| – secured | **(5,310)** | **(5,403)** | (5,071) | (5,542) |
| – unsecured | **(198,879)** | **(197,452)** | (199,415) | (198,617) |
| | **(1,658,963)** | **(1,648,763)** | (1,955,539) | (1,953,185) |
| **Company** | | | | |
| **Liabilities carried at amortised cost** | | | | |
| Amount owing to a subsidiary | **(225,000)** | **(221,605)** | (275,000) | (271,131) |
| Bonds and notes (unsecured) | **(1,106,670)** | **(1,101,694)** | (1,177,268) | (1,175,610) |
| | **(1,331,670)** | **(1,323,299)** | (1,452,268) | (1,446,741) |

* Restated for the Group only. See note 2.2(i).

***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

## 37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

***Assets and liabilities not carried at fair value but for which fair values are disclosed*****

The table below analyses assets and liabilities not carried at fair value, but for which fair values are disclosed.

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **31 December 2014** | | | | |
| Investment properties | – | – | 7,437,920 | 7,437,920 |
| Bonds and notes (unsecured) | – | (1,442,820) | – | (1,442,820) |
| Long-term deposits | – | – | (3,088) | (3,088) |
| Term loans | | | | |
| – secured | – | (5,403) | – | (5,403) |
| – unsecured | – | (197,452) | – | (197,452) |
| | – | (1,645,675) | (3,088) | (1,648,763) |
| **31 December 2013 (restated)*** | | | | |
| Investment properties | – | – | 7,181,933 | 7,181,933 |
| Bonds and notes | | | | |
| – secured | – | (102,321) | – | (102,321) |
| – unsecured | – | (1,636,810) | – | (1,636,810) |
| Long-term deposits | – | – | (9,895) | (9,895) |
| Term loans | | | | |
| – secured | – | (5,542) | – | (5,542) |
| – unsecured | – | (198,617) | – | (198,617) |
| | – | (1,943,290) | (9,895) | (1,953,185) |

* See note 2.2(i).

** Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

## 37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

***Fair value hierarchy (cont'd)***

***Assets and liabilities not carried at fair value but for which fair values are disclosed** (cont'd)***

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **31 December 2014** | | | | |
| Investment properties | – | – | 1,314,815 | 1,314,815 |
| Amount owing to a subsidiary | – | (221,605) | – | (221,605) |
| Bonds and notes (unsecured) | – | (1,101,694) | – | (1,101,694) |
| | – | (1,323,299) | – | (1,323,299) |
| **31 December 2013** | | | | |
| Investment properties | – | – | 1,232,742 | 1,232,742 |
| Amount owing to a subsidiary | – | (271,131) | – | (271,131) |
| Bonds and notes (unsecured) | – | (1,175,610) | – | (1,175,610) |
| | – | (1,446,741) | – | (1,446,741) |

** Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

***Financial assets and financial liabilities carried at fair value***

The table below analyses assets and liabilities carried at fair value, by valuation method.

| | Note | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2014** | | | | | |
| Available-for-sale financial assets | | 39,217 | – | – | 39,217 |
| Financial assets at fair value through profit or loss | 8 | 31,894 | – | 3,338 | 35,232 |
| | | 71,111 | – | 3,338 | 74,449 |
| Derivative financial liabilities | 26 | – | (581) | – | (581) |
| **2013 (restated)*** | | | | | |
| Available-for-sale financial assets | | 39,736 | – | – | 39,736 |
| Financial assets at fair value through profit or loss | 8 | 34,486 | – | 2,048 | 36,534 |
| | | 74,222 | – | 2,048 | 76,270 |
| Derivative financial liabilities | | – | (2,245) | – | (2,245) |

* See note 2.2(i).

## 37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

***Fair value hierarchy (cont'd)***

***Financial assets and financial liabilities carried at fair value (cont'd)***

| | Note | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2014** | | | | | |
| Available-for-sale financial assets | 8 | 23,789 | – | – | 23,789 |
| **2013** | | | | | |
| Available-for-sale financial assets | 8 | 25,070 | – | – | 25,070 |

In 2013, available-for-sale financial asset amounting to $9,530,000 was transferred out of Level 3 and is measured at cost less accumulated impairment losses as its fair value cannot be determined reliably. There were no other transfers between Level 1 to Level 3 of the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

| | Financial assets at fair value through profit or loss $'000 |
|---|---|
| **Group** | |
| At 1 January 2014 | 2,048 |
| Total gains or losses recognised in profit or loss | |
| – finance income | 1,151 |
| Translation differences on consolidation | 139 |
| At 31 December 2014 | 3,338 |
| Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period | 1,151 |

## 37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

***Fair value hierarchy (cont'd)***

***Financial assets and financial liabilities carried at fair value (cont'd)***

| | Available-for-sale financial assets $'000 | Financial assets at fair value through profit or loss $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| At 1 January 2013 | 9,012 | 1,210 | 10,222 |
| Total gains or losses recognised in profit or loss | | | |
| – finance income | – | 784 | 784 |
| Purchases | 215 | – | 215 |
| Transfer out of Level 3 | (9,530) | – | (9,530) |
| Translation differences on consolidation | 303 | 54 | 357 |
| At 31 December 2013 | – | 2,048 | 2,048 |
| Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period | – | 784 | 784 |

The fair value of the financial assets at fair value through profit or loss is determined based on the net asset value of the fund, which had underlying unlisted investments categorised as Level 3 in the fair value hierarchy. The fair value of such underlying investments is determined based on inputs such as contractual agreements, current and projected operating performance, rounds of financing and third-party transactions, discounted cash flow analysis and market-based information, including comparable company transactions, trading multiples and changes in market outlook, among other factors.

Although the Group believes that its estimate of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2013 and 2014 is insignificant.

## 37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

***Determination of fair value***

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Investment properties*

The fair values of investment properties located in Singapore are based on in-house valuations conducted by a licensed appraiser who is also an officer of the Company. The licensed appraiser has appropriate recognised professional qualifications and has recent experience in the location and category of the investment properties being valued. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on the income method which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy), and a capitalisation rate applicable to the nature and type of asset in question. As a check, a comparison is made against relevant market transactions.

The fair value of investment properties located overseas is determined by independent licensed appraisers who have appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. Fair values are determined having regard to recent market transactions for similar properties in the same locations.

*Investments in equity*

The fair values of quoted investments that are classified as available for sale and held for trading are their quoted bid prices at the reporting date.

The fair values of unquoted equity investments held for trading are estimated using the applicable price to earnings ratios for similar listed companies adjusted for the specific circumstances of the issuer.

The fair values of unquoted equity investments available for sale (except as described below) are estimated using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions. Instead, they are based on unobservable inputs reflecting assumptions about the way assets would be priced.

The fair values of certain unquoted available-for-sale equity investments which are stated at cost, have not been determined as the fair value cannot be determined reliably. As a result, the variability in the range of recoverable fair value estimates derived from valuation techniques is expected to be significant.

*Amounts owing by and to subsidiaries, associates and joint ventures*

The fair values of amounts owing by and to subsidiaries, associates and joint ventures are estimated as the present value of future cash flows, discounted at market interest rates.

## 37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

***Determination of fair value (cont'd)***

*Non-derivative financial assets and liabilities*

The fair values of borrowings which reprice after six months and other non-derivative financial assets and liabilities, determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar agreements.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings) or those which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

*Derivatives*

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps, bank valuations are used.

## 38 OPERATING SEGMENTS

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – *develops and purchases properties for sale*
- Hotel operations – *owns and manages hotels*
- Rental properties – *develops and purchases investment properties for lease*
- Others – *comprises club operator and owner, investment in shares, property management, project management and consultancy services and provider of information technology and procurement services. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2014 and 2013.*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

## 38 OPERATING SEGMENTS (CONT'D)

**Information about reportable segments**

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Total revenue (including inter-segment revenue) | 1,581,158 | 1,691,830 | 477,731 | 226,345 | 3,977,064 |
| Inter-segment revenue | – | (13,487) | (93,076) | (106,563) | (213,126) |
| External revenues | 1,581,158 | 1,678,343 | 384,655 | 119,782 | 3,763,938 |

The hotel operations are in the following geographical segments and their revenue are set out as follows:

| | 2014 $'000 |
|---|---|
| United States | 482,674 |
| Europe | 409,425 |
| Singapore | 320,098 |
| Rest of Asia | 378,983 |
| New Zealand | 87,163 |
| | 1,678,343 |

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Profit from operating activities | 511,774 | 342,024 | 180,722 | 4,900 | 1,039,420 |
| Share of after-tax profit/(loss) of associates and joint ventures | 44,197 | 15,788 | (3,522) | (1,668) | 54,795 |
| Finance income | 25,078 | 7,148 | 1,716 | 6,606 | 40,548 |
| Finance costs | (49,429) | (32,169) | (32,998) | (16,437) | (131,033) |
| Net finance costs | (24,351) | (25,021) | (31,282) | (9,831) | (90,485) |
| Reportable segment profit/(loss) before income tax | 531,620 | 332,791 | 145,918 | (6,599) | 1,003,730 |

## 38 OPERATING SEGMENTS (CONT'D)

### Information about reportable segments (cont'd)

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Depreciation and amortisation | 818 | 105,653 | 91,108 | 2,423 | 200,002 |
| **Other material non-cash items** | | | | | |
| Gain on loss of control in a subsidiary | 258,753 | 59,311 | 12,832 | – | 330,896 |
| Gain on dilution of investment in an associate | 6,843 | – | – | – | 6,843 |
| Impairment losses on amounts owing by joint ventures | – | (1,460) | – | (1,031) | (2,491) |
| Allowance for foreseeable losses on development properties | (24,229) | – | – | – | (24,229) |
| Investments in associates and joint ventures | 416,418 | 346,123 | 239,009 | 126,928 | 1,128,478 |
| Other segment assets | 8,436,196 | 5,088,992 | 4,470,085 | 568,083 | 18,563,356 |
| Reportable segment assets | 8,852,614 | 5,435,115 | 4,709,094 | 695,011 | 19,691,834 |
| Tax recoverable | | | | | 1,342 |
| Deferred tax assets | | | | | 7,344 |
| Total assets | | | | | 19,700,520 |
| Reportable segment liabilities | 4,746,562 | 1,679,555 | 1,803,487 | 184,555 | 8,414,159 |
| Deferred tax liabilities | | | | | 316,855 |
| Provision for taxation | | | | | 193,905 |
| Total liabilities | | | | | 8,924,919 |
| Additions to non-current assets* | 2,340 | 899,709 | 121,455 | 3,167 | 1,026,671 |

* Non-current assets include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

## 38 OPERATING SEGMENTS (CONT'D)

**Information about reportable segments (cont'd)**

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2013 (restated)*** | | | | | |
| Total revenue (including inter-segment revenue) | 1,198,084 | 1,543,409 | 472,704 | 168,739 | 3,382,936 |
| Inter-segment revenue | – | (14,028) | (93,821) | (61,750) | (169,599) |
| External revenues | 1,198,084 | 1,529,381 | 378,883 | 106,989 | 3,213,337 |

* See note 2.2(i).

The hotel operations are in the following geographical segments and their revenue are set out as follows:

| | 2013 Restated* $'000 |
|---|---|
| United States | 430,750 |
| Europe | 355,041 |
| Singapore | 320,482 |
| Rest of Asia | 343,272 |
| New Zealand | 79,836 |
| | 1,529,381 |

* See note 2.2(i).

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2013 (restated)*** | | | | | |
| Profit from operating activities | 388,310 | 235,026 | 325,860 | 18,840 | 968,036 |
| Share of after-tax profit/ (loss) of associates and joint ventures | 30,428 | 16,986 | (9,513) | 3,467 | 41,368 |
| Finance income | 13,579 | 5,629 | 2,017 | 9,420 | 30,645 |
| Finance costs | (19,411) | (26,018) | (34,743) | (11,825) | (91,997) |
| Net finance costs | (5,832) | (20,389) | (32,726) | (2,405) | (61,352) |
| Reportable segment profit before income tax | 412,906 | 231,623 | 283,621 | 19,902 | 948,052 |

* See note 2.2(i).

## 38 OPERATING SEGMENTS (CONT'D)

**Information about reportable segments (cont'd)**

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2013 (restated)*** | | | | | |
| Depreciation and amortisation | 655 | 91,276 | 93,885 | 2,328 | 188,144 |
| **Other material non-cash items** | | | | | |
| Gain on loss of control in and liquidation of subsidiaries | 18 | 6,626 | 22,593 | 6 | 29,243 |
| Impairment losses on: | | | | | |
| – amounts owing by a joint venture | – | (1,091) | – | – | (1,091) |
| – property, plant and equipment and investment property | – | (23,706) | (2,324) | – | (26,030) |
| Write-back of allowance for foreseeable losses on development properties | 2,566 | – | – | – | 2,566 |
| Investments in associates and joint ventures | 440,002 | 328,486 | 247,537 | 21,059 | 1,037,084 |
| Other segment assets | 7,142,649 | 4,432,921 | 4,345,744 | 590,615 | 16,511,929 |
| Reportable segment assets | 7,582,651 | 4,761,407 | 4,593,281 | 611,674 | 17,549,013 |
| Tax recoverable | | | | | 608 |
| Deferred tax assets | | | | | 4,075 |
| Total assets | | | | | 17,553,696 |

* See note 2.2(i).

## 38 OPERATING SEGMENTS (CONT'D)

### Information about reportable segments (cont'd)

| | Property development $'000 | Hotel operations $'000 | Rental properties $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2013 (restated)*** | | | | | |
| Reportable segment liabilities | 3,754,951 | 1,117,497 | 1,917,036 | 31,400 | 6,820,884 |
| Deferred tax liabilities | | | | | 328,811 |
| Provision for taxation | | | | | 188,165 |
| Total liabilities | | | | | 7,337,860 |
| Additions to non-current assets** | 62,327 | 240,766 | 141,425 | 1,863 | 446,381 |

* See note 2.2(i).

** Non-current assets include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

### Geographical segments

The property development, hotel operations and rental properties segments are managed on a worldwide basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

| | Singapore $'000 | United States $'000 | United Kingdom $'000 | Other countries $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Revenue | 2,228,463 | 497,557 | 357,389 | 680,529 | 3,763,938 |
| Non-current assets** | 3,755,335 | 1,517,516 | 1,071,696 | 2,934,901 | 9,279,448 |
| Reportable segment assets | 11,477,627 | 1,681,817 | 1,431,591 | 5,100,799 | 19,691,834 |
| **2013 (restated)*** | | | | | |
| Revenue | 1,848,594 | 445,725 | 305,862 | 613,156 | 3,213,337 |
| Non-current assets** | 4,034,033 | 1,111,667 | 948,683 | 2,626,628 | 8,721,011 |
| Reportable segment assets | 11,278,993 | 1,254,066 | 1,254,254 | 3,761,700 | 17,549,013 |

* See note 2.2(i).

** Include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

## 39 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group and the Company in the future financial periods, and which the Group does not plan to early adopt, are set out below.

- FRS 109 *Financial Instruments* replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

  The Group is assessing the potential impact on its consolidated financial statements resulting from the application of FRS 109.

- FRS 115 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

  The Group is assessing the potential impact on its consolidated financial statements resulting from the application of FRS 115.

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The following are the Group's significant investments in subsidiaries:

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of the Company** | | | | |
| * | Allinvest Holding Pte Ltd | Property owner and investment holding | Singapore | **100** | 100 |
| * | Aston Properties Pte Ltd | Property owner, developer and investment holding | Singapore | **100** | 100 |
| ^ | Adelais Properties Limited | Property owner | Jersey | **100** | – |
| ^ | Beaumont Properties Limited | Property owner | Jersey | **100** | 100 |
| * | Bloomsville Investments Pte Ltd | Property owner, developer and investment holding | Singapore | **100** | 100 |
| * | Canvey Developments Pte. Ltd. | Property owner and developer | Singapore | **70** | – |
| * | CBM Pte. Ltd. | Provision of building maintenance, security, cleaning and related services to commercial and residential buildings | Singapore | **100** | 100 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of the Company (cont'd)** | | | | |
| * | CBM Parking Pte. Ltd. | Provision of car park operation, management, civil, construction and electrical works related to parking systems and related services | Singapore | **100** | 100 |
| * | CBM International Pte. Ltd. | Investment holding and provision of building maintenance, security, cleaning and related services to commercial and residential buildings | Singapore | **100** | 100 |
| * | CBM Security Pte. Ltd. | Provision of security services, consultancy services related to security matters, supply of equipment, security escort services and facilities management services | Singapore | **100** | 100 |
| * | CBM Solutions Pte. Ltd. | Advisors, consultants and service providers | Singapore | **100** | 100 |
| ** | CBM (Taiwan) Co., Ltd. | Carpark management services | Taiwan | **100** | – |
| ** | CDL China (Shanghai) Consulting Co., Ltd. | Provision of consultancy services | People's Republic of China | **100** | 100 |
| * | CDL Land Pte Ltd | Property owner and developer | Singapore | **100** | 100 |
| * | CDL Management Services Pte. Ltd. | Provision of project and property management and consultancy services | Singapore | **100** | 100 |
| * | CDL Properties Ltd | Property owner and investment holding | Singapore | **100** | 100 |
| * | Central Mall Pte Ltd | Property owner | Singapore | **100** | 100 |
| * | Cideco Pte. Ltd. | Property owner | Singapore | **100** | 100 |
| * | City Condominiums Pte Ltd | Property owner, developer and investment holding | Singapore | **100** | 100 |
| * | City Developments Realty Limited | Investment in shares and investment holding | Singapore | **100** | 100 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of the Company (cont'd)** | | | | |
| * | City e-Solutions Limited | Investment holding and provision of consultancy services | Hong Kong/ Cayman Islands | **53** | 53 |
| * | City Serviced Offices Pte. Ltd. | Operating serviced offices | Singapore | **100** | 100 |
| * | City Sunshine Holdings Pte. Ltd. | Property owner and developer | Singapore | **100** | 100 |
| * | Citydev Investments Pte. Ltd. | Investment in shares and investment holding | Singapore | **100** | 100 |
| * | Citydev Nahdah Pte. Ltd. | To issue Islamic trust certificates and to act as trustee for the certificate holders | Singapore | **100** | 100 |
| * | Citydev Real Estate (Singapore) Pte Ltd | Property owner | Singapore | **100** | 100 |
| * | Cityview Place Holdings Pte. Ltd. | Property owner and developer | Singapore | **@** | 100 |
| ** | Chongqing Eling Property Development Co., Ltd. | Property owner and developer | People's Republic of China | **100** | 100 |
| ** | Chongqing Huang Huayuan Property Development Co., Ltd. | Property owner and developer | People's Republic of China | **100** | 100 |
| * | Crescent View Developments Pte. Ltd. | Property owner and developer | Singapore | **60** | 60 |
| ^ | Darien Properties Investments Limited | Property owner | Jersey | **100** | 100 |
| ** | Educado Company Limited | Investment holding and share dealing | Hong Kong | **100** | 100 |
| * | Elishan Investments Pte Ltd | Property owner | Singapore | **100** | 100 |
| * | Ellinois Management Services Pte. Ltd. | Asset/portfolio management | Singapore | **100** | – |
| * | Empire City Consultant Pte Ltd | Management of properties | Singapore | **100** | 100 |
| ^ | eMpire Investments Limited | Investment holding | Bermuda | **100** | 100 |
| * | Fairsteps Properties Pte. Ltd. | Property owner, developer and investment holding | Singapore | **100** | 100 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of the Company (cont'd)** | | | | |
| ^ | Finite Properties Investments Limited | Property owner | Jersey | **100** | 100 |
| * | Glades Properties Pte. Ltd. | Property owner, developer and investment holding | Singapore | **100** | 100 |
| * | Grand Isle Holdings Pte. Ltd. | Property owner and developer | Singapore | **100** | 100 |
| * | Grange 100 Pte. Ltd. | Property investment and owner | Singapore | **100** | 100 |
| * | Guan Realty (Private) Limited | Property owner and developer | Singapore | **100** | 100 |
| * | Hong Leong Properties Pte. Limited | Property owner | Singapore | **100** | 100 |
| ^ | Hayden Properties Investments Limited | Property owner | Jersey | **100** | 100 |
| * | Impac Holdings Pte. Ltd. | Property ownership and sales | Singapore | **100** | 100 |
| * | Ingensys Pte. Ltd. | Systems integration activities | Singapore | **70** | 70 |
| * | Island Glades Developments Pte. Ltd. | Property owner and developer | Singapore | **70** | – |
| ^ | Jayland Properties Limited | Property owner | Jersey | **100** | – |
| * | Land Equity Development Pte Ltd | Property owner | Singapore | **100** | 100 |
| ** | Lingo Enterprises Limited | Property holding and property investment | Singapore/ Hong Kong | **100** | 100 |
| ** | Millennium & Copthorne Hotels plc | Investment holding | England and Wales | **61** | 59 |
| * | New Vista Realty Pte. Ltd. | Property owner and developer | Singapore | **100** | 100 |
| * | Novel Developments Pte. Ltd. | Property owner and developer | Singapore | **100** | 100 |
| ** | Pacific Height Enterprises Company Limited | Property investment | Japan/ Hong Kong | **100** | 100 |
| ** | Palmerston Holdings Sdn. Bhd. | Property owner and developer | Malaysia | **51** | 51 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of the Company (cont'd)** | | | | |
| ** | Phuket Square Company Limited | Retail and hotel business | Thailand | **49#** | 49# |
| ^ | Reach Across International Limited | Investment holding | British Virgin Islands | **100** | 100 |
| * | Republic Plaza City Club (Singapore) Pte Ltd | Owner and operator of clubs | Singapore | **100** | 100 |
| *** | Shanghai Jingwen Zhaoxiang Real Estate Limited | Property developer | People's Republic of China | **100** | – |
| * | Singapura Developments (Private) Limited | Property owner, developer and investment holding | Singapore | **100** | 100 |
| * | Sparkland Holdings Pte. Ltd. | Property developer | Singapore | **70** | 70 |
| * | Sunshine Plaza Pte Ltd | Property owner, developer and investment holding | Singapore | **100** | 100 |
| ** | Suzhou Global City Genway Properties Co., Ltd. | Property owner and developer | People's Republic of China | **70** | 70 |
| ** | Tempus Platinum Investments Tokutei Mokuteki Kaisha | Property owner and developer | Japan | **95** | – |
| * | Verspring Properties Pte. Ltd. | Property owner and developer | Singapore | **100** | 100 |
| * | White Haven Properties Pte. Ltd. | Property owner and developer | Singapore | **100** | 100 |
| ^ | Wideachieve Holdings Limited | Investment holding | British Virgin Islands | **100** | 100 |
| | **Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc** | | | | |
| ** | Anchorage-Lakefront Limited Partnership | Hotel owner | USA | **61** | 59 |
| ** | Beijing Fortune Hotel Co. Ltd. | Hotel owner and operator | People's Republic of China | **43** | 42 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)** | | | | |
| ** | Bostonian Hotel Limited Partnership | Hotel owner | USA | **61** | 59 |
| * | CDL Hospitality Trusts | See Note (1) | Singapore | **22** | 21 |
| ** | CDL (New York) LLC | Hotel owner | USA | **61** | 59 |
| ** | CDL Hotels (Chelsea) Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | CDL Hotels (Korea) Ltd. | Hotel owner and operator | Republic of Korea | **61** | 59 |
| ** | CDL Hotels (Malaysia) Sdn. Bhd. | Hotel owner and operator | Malaysia | **61** | 59 |
| ** | CDL Hotels (UK) Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | CDL Hotels USA, Inc. | Hotel investment holding company | USA | **61** | 59 |
| ** | CDL Investments New Zealand Limited | Investment and property management company | New Zealand | **31** | 28 |
| ** | CDL West 45th Street LLC | Hotel owner | USA | **61** | 59 |
| ** | Chicago Hotel Holdings, Inc. | Hotel owner and operator | USA | **61** | 59 |
| * | City Hotels Pte. Ltd. | Hotel operator and investment holding company | Singapore | **61** | 59 |
| ** | Copthorne Hotel (Birmingham) Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | Copthorne Hotel (Gatwick) Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | Copthorne Hotel (Manchester) Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | Copthorne Hotel (Newcastle) Limited | Hotel owner and operator | England and Wales | **59** | 57 |
| ** | Copthorne Hotel (Slough) Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | Copthorne Hotel Holdings Limited | Hotels investment holding company | England and Wales | **61** | 59 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)** | | | | |
| ** | Copthorne Hotels Limited | Hotels investment holding company | England and Wales | **61** | 59 |
| * | Copthorne Orchid Hotel Singapore Pte Ltd | Property owner and developer | Singapore | **61** | 59 |
| ** | Gateway Regal Holdings LLC | Hotel owner and operator | USA | **61** | 59 |
| ** | Grand Plaza Hotel Corporation | Hotel owner and operator and investment holding company | Philippines | **40** | 39 |
| * | Harbour View Hotel Pte Ltd | Hotel operator | Singapore | **61** | 59 |
| ** | Hong Leong Ginza TMK | Property owner | Japan | **73** | 72 |
| ** | Hong Leong Hotel Development Limited | Hotel owner and operator | Taiwan | **50** | 48 |
| ^ | Hong Leong Hotels Pte Ltd. | Investment holding company | Cayman Islands | **61** | 59 |
| ** | Hospitality Group Limited | Holding company | New Zealand | **46** | 29 |
| * | Hospitality Holdings Pte. Ltd. | Investment holding company | Singapore | **61** | 59 |
| * | King's Tanglin Shopping Pte. Ltd. | Property owner | Singapore | **61** | 59 |
| ** | London Britannia Hotel Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | London Tara Hotel Limited | Hotel owner and operator | England and Wales | **61** | 59 |
| ** | M&C Crescent Interests, LLC | Property owner | USA | **61** | 59 |
| ** | M&C Hotel Interests, Inc | Hotel management services company | USA | **61** | 59 |
| ** | M&C Hotels France SAS | Hotel owner | France | **61** | 59 |
| ** | M&C New York (Times Square) EAT II LLC | Hotel owner | USA | **61** | – |
| * | M&C REIT Management Limited | REIT investment management services | Singapore | **61** | 59 |
| ** | Millennium & Copthorne Hotels New Zealand Limited | Hotel investment holding company | New Zealand | **46** | 42 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)** | | | | |
| * | Millennium & Copthorne International Limited | Hotels and resorts management | Singapore | **61** | 59 |
| ** | Millennium & Copthorne Middle East Holdings Limited | Hotel management service company | Hong Kong | **31** | 30 |
| ** | Millennium Hotels (West London) Limited | Hotel owner | England and Wales | **61** | – |
| ** | Millennium Hotels (West London) Management Limited | Hotel operator | England and Wales | **61** | – |
| ** | Millennium Hotels Hotel Palace Holdings s.r.l | Hotel owner and operator | Italy | **61** | – |
| ** | Quantum Limited | Holding company | New Zealand | **46** | 29 |
| * | Republic Hotels & Resorts Limited | Hotel operator and investment holding company | Singapore | **61** | 59 |
| * | Republic Iconic Hotel Pte. Ltd. | Hotel operator | Singapore | **61** | 59 |
| ** | RHM-88, LLC | Hotel owner and operator | USA | **61** | 59 |
| ** | WHB Biltmore LLC | Hotel owner and operator | USA | **61** | 59 |
| **Direct/Indirect Subsidiaries of City e-Solutions Limited** | | | | | |
| ^ | CES Capital Limited | Investment holding | British Virgin Islands | **53** | 53 |
| ** | Richfield Hospitality, Inc. | Investment holding and provision of hospitality related services | USA | **54** | 54 |
| ** | Sceptre Hospitality Resources, LLC | Provision of connectivity and revenue management services for hotels | USA | **27** | 27 |
| ^ | SWAN Holdings Limited | Investment holding | Bermuda | **54** | 54 |
| ** | SWAN USA, Inc. | Holding company | USA | **54** | 54 |
| ** | SWAN Carolina Investor, LLC | Special purpose entity holding title to hotel real estate as a tenant in common with capital partner | USA | **54** | 54 |

## 40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

* Audited by KPMG LLP Singapore
** Audited by other member firms of KPMG International
*** Audited by Shanghai Xuan Cheng Certified Public Accountants
^ Not subject to audit by law of country of incorporation
# The Company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company.
@ Although the Group is the legal owner of the entire equity interests in Cityview Place Holdings Pte. Ltd. (Cityview), management has determined that it does not have control over Cityview upon the sale of cash flows in Cityview (see note 34). The Group has significant influence in Cityview through Sunbright Holdings Limited. Accordingly, Cityview has been reclassified from a subsidiary to an associate of the Group in 2014.

Note (1) CDL Hospitality Trusts (CDLHT) is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT), a real estate investment trust, and CDL Hospitality Business Trust (HBT), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which was dormant until 31 December 2013, when it was activated as master lessee of Jumeirah Dhevanafushi under a lease agreement entered into between an indirect wholly-owned subsidiary of HBT (as lessee) with an indirect wholly-owned subsidiary of H-REIT (as lessor).

Although the Group owns less than half of the voting power of the investee, management has determined that the Group has had control over the investee, since its inception. This is because a subsidiary of the Group, M&C REIT Management Limited acts as REIT Manager with its fees having a performance-based element.

## 41 ASSOCIATES AND JOINT VENTURES

The following are the Group's significant investments in associates and joint ventures:

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | Ownership interest 2013 % |
|---|---|---|---|---|---|
| | **Associates** | | | | |
| | **Associate of the Company** | | | | |
| * | Cityview Place Holdings Pte. Ltd. | Property owner and developer | Singapore | **37.5@** | – |
| | **Associate of Millennium & Copthorne Hotels plc** | | | | |
| * | First Sponsor Group Limited | Investment holding company | British Virgin Islands | **22** | 23 |
| | **Associates of City e-Solutions Limited** | | | | |
| ** | Cosmic Hospitality China Limited | Provision of hospitality related services | People's Republic of China | **27** | 27 |
| ** | S-R Burlington Partners, LLC | Provision of hospitality related services | USA | **17** | 17 |

## 41 ASSOCIATES AND JOINT VENTURES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | 2013 % |
|---|---|---|---|---|---|
| | **Joint Ventures** | | | | |
| | **Joint Ventures of the Company** | | | | |
| * | Aster Land Development Pte Ltd | Property development and investment dealing activities | Singapore | **30** | 30 |
| * | Bartley Development Pte. Ltd. | Property development | Singapore | **30** | 30 |
| * | Branbury Investments Ltd | Property owner | Singapore | **43** | 43 |
| * | Camborne Developments Pte Ltd | Property owner and developer | Singapore | **50** | 50 |
| *** | CBM Primetech Facilities Management Private Limited | Facilities management company | India | **50** | 50 |
| ** | CBM Qatar LLC | Provision of facilities management services | State of Qatar | **50#** | 50# |
| ** | CBM Facilities Management (Thailand) Co., Ltd. | Provision of integrated facilities management services in Thailand | Thailand | **49** | 49 |
| ** | Exchange Tower Ltd. | Property owner and investment holding | Thailand | **39** | 39 |
| * | Freshview Developments Pte. Ltd. | Property owner and developer | Singapore | **50** | 50 |
| * | Granmil Holdings Pte Ltd | Property owner and developer | Singapore | **40** | 40 |
| ** | Krungthep Rimnam Limited | Hotel business | Thailand | **49** | 49 |
| * | Mount V Development Pte. Ltd. | Real estate developer | Singapore | **30** | 30 |
| **** | OOO "Soft-Project" | Hotel and property owner and developer | Russia | **50** | 50 |
| * | Richmond Hotel Pte Ltd | Property owner, developer and investment holding | Singapore | **33** | 33 |
| * | South Beach Consortium Pte. Ltd. | Property owner, developer and investment holding | Singapore | **50.1@@** | 50.1@@ |
| * | Summervale Properties Pte. Ltd. | Property owner and developer | Singapore | **50** | 50 |
| * | Tomlinson Hotel Pte. Ltd. | Hotel owner | Singapore | **33** | 33 |
| * | Tripartite Developers Pte. Limited | Property developer | Singapore | **33** | 33 |
| * | Wealthall Development Pte. Ltd. | Property development | Singapore | **30** | 30 |

## 41 ASSOCIATES AND JOINT VENTURES (CONT'D)

| | | Principal activity | Principal place of business/ Country of incorporation | Ownership interest 2014 % | 2013 % |
|---|---|---|---|---|---|
| | **Joint Ventures of Millennium & Copthorne Hotels plc** | | | | |
| ^ | New Unity Holdings Limited | Investment holding company | British Virgin Islands | **31** | 30 |
| ** | Fena Estate Company Limited | Investment holding company | Thailand | **31** | 30 |
| | **Joint Venture of City e-Solutions Limited** | | | | |
| ** | RSF Syracuse Partners, LLC | Provision of hospitality related services | USA | **27** | 27 |

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Anil De Souza & Associates

**** Audited by BDO Unicorn Inc

^ Not subject to audit by law of country of incorporation

# CBM International Pte. Ltd. has a direct shareholding of 30% in CBM Qatar LLC and through a shareholder's loan of $15,592 (2013: $15,592), the management considers its effective interest in CBM Qatar LLC to be 50%. The shareholder's loan is granted to Mr Saeed Dohaman Mohammad Al-Zayani, another shareholder of the joint venture. With the passing on of Mr Saeed Dohaman Mohammad Al-Zayani, the shareholder's loan is transferred to his heir. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. The loan, in substance, forms part of the Group's net investment in the joint venture.

@ Although the Group is the legal owner of the entire equity interests in Cityview Place Holdings Pte. Ltd. (Cityview), management has determined that it does not have control over Cityview upon the sale of cash flows in Cityview (see note 34). The Group has significant influence in Cityview through Sunbright Holdings Limited. Accordingly, Cityview has been reclassified from a subsidiary to an associate of the Group in 2014.

@@ Although the Group holds more than 50% ownership interest in South Beach Consortium Pte. Ltd. (South Beach), pursuant to a contractual agreement between the Group and its joint venture partner in South Beach, joint control is exercised by both parties over the activities of South Beach. Accordingly, South Beach is classified as a joint venture of the Group.

The Group does not consider the above associates and joint ventures to be individually material to the Group under the context of FRS 112 *Disclosure of Interests in Other Entities*.

## 42 NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests.

| Name | Principal places of business/Country of incorporation | Operating segment | Ownership interests held by non-controlling interests | |
|---|---|---|---|---|
| | | | 2014 | 2013 |
| | | | % | % |
| Millennium & Copthorne Hotels plc (M&C) | England and Wales | Investment holding | **39** | 41 |

The following summarises the consolidated financial results and financial position of M&C and its subsidiaries and its interests in associates and joint ventures, prepared in accordance with local accounting standards. The financial information presented below represents the amounts before any inter-company eliminations with other companies in the Group.

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Revenue | **1,724,192** | 2,088,951 |
| Profit after tax | **315,197** | 520,275 |
| Other comprehensive income | **83,496** | (186,514) |
| **Total comprehensive income** | **398,693** | 333,761 |
| Profit attributable to non-controlling interests | **85,583** | 78,532 |
| Non-current assets | **7,349,916** | 6,428,336 |
| Current assets | **1,181,751** | 1,273,558 |
| Non-current liabilities | **(1,589,394)** | (1,524,094) |
| Current liabilities | **(1,311,456)** | (584,584) |
| **Net assets** | **5,630,817** | 5,593,216 |
| Net assets attributable to non-controlling interests | **971,754** | 1,050,163 |
| Cash flows from operating activities | **586,559** | 314,128 |
| Cash flows used in investing activities | **(981,078)** | (166,881) |
| Cash flows from/(used in) financing activities[1] | **459,228** | (190,440) |
| **Net increase/(decrease) in cash and cash equivalents** | **64,709** | (43,193) |

[1] Included in cash flows from financing activities was dividend paid to non-controlling interests of $73,059,000 (2013: $76,569,000).

# STATISTICS OF ORDINARY SHAREHOLDINGS

As at 2 March 2015

| | | |
|---|---|---|
| Class of Shares | : | Ordinary Shares |
| No. of Ordinary Shares issued | : | 909,301,330 |
| No. of Ordinary Shareholders | : | 10,059 |
| Voting Rights | : | 1 vote for 1 ordinary share |

There are no treasury shares held in the issued share capital of the Company.

| Range of Ordinary Shareholdings | No. of Ordinary Shareholders | % | No. of Ordinary Shares | % |
|---|---|---|---|---|
| 1 - 99 | 240 | 2.39 | 7,633 | 0.00 |
| 100 - 1,000 | 4,020 | 39.96 | 3,337,676 | 0.37 |
| 1,001 - 10,000 | 5,019 | 49.89 | 17,792,877 | 1.95 |
| 10,001 - 1,000,000 | 754 | 7.50 | 31,426,484 | 3.46 |
| 1,000,001 and above | 26 | 0.26 | 856,736,660 | 94.22 |
| | 10,059 | 100.00 | 909,301,330 | 100.00 |

Based on information available to the Company as at 2 March 2015, approximately 29.30% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

## MAJOR ORDINARY SHAREHOLDERS LIST – TOP 20 AS AT 2 MARCH 2015

| No. | Name | No. of Ordinary Shares Held | %* |
|---|---|---|---|
| 1 | Hong Leong Holdings Limited | 138,787,477 | 15.26 |
| 2 | Hong Leong Investment Holdings Pte. Ltd. | 138,169,335 | 15.20 |
| 3 | Citibank Nominees Singapore Pte Ltd | 129,571,730 | 14.25 |
| 4 | DBS Nominees (Pte) Ltd | 95,206,567 | 10.47 |
| 5 | BNP Paribas Securities Services | 69,635,205 | 7.66 |
| 6 | DBSN Services Pte Ltd | 47,402,022 | 5.21 |
| 7 | HSBC (Singapore) Nominees Pte Ltd | 36,446,901 | 4.01 |
| 8 | Hong Realty (Private) Limited | 29,088,799 | 3.20 |
| 9 | United Overseas Bank Nominees Pte Ltd | 22,358,863 | 2.46 |
| 10 | Euroform (S) Pte. Limited | 19,603,045 | 2.16 |
| 11 | Hong Leong Corporation Holdings Pte Ltd | 18,584,760 | 2.04 |
| 12 | NIN Investment Holdings Pte Ltd | 15,161,490 | 1.67 |
| 13 | Raffles Nominees (Pte) Ltd | 14,810,136 | 1.63 |
| 14 | Garden Estates (Pte.) Limited | 14,152,365 | 1.56 |
| 15 | SGI Investment Holdings Pte Ltd | 13,752,414 | 1.51 |
| 16 | Daiwa (Malaya) Private Limited | 9,469,000 | 1.04 |
| 17 | Gordon Properties Pte. Limited | 9,304,616 | 1.02 |
| 18 | UOB Nominees (2006) Pte Ltd | 6,382,060 | 0.70 |
| 19 | Interfab Private Limited | 5,648,781 | 0.62 |
| 20 | Hotel Holdings (Private) Ltd | 5,123,000 | 0.56 |
| | | 838,658,566 | 92.23 |

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 2 March 2015.

# STATISTICS OF ORDINARY SHAREHOLDINGS

As at 2 March 2015

## SUBSTANTIAL SHAREHOLDERS

| | No. of Ordinary Shares in which they have interest | | | |
|---|---|---|---|---|
| | Direct Interest | Deemed Interest | Total | %* |
| Hong Realty (Private) Limited | 32,088,799 | 30,488,981[(1)] | 62,577,780 | 6.882 |
| Hong Leong Holdings Limited | 148,787,477 | 19,546,445[(2)] | 168,333,922 | 18.512 |
| Hong Leong Investment Holdings Pte. Ltd. | 140,169,335 | 300,146,809[(3)] | 440,316,144 | 48.424 |
| Davos Investment Holdings Private Limited | – | 440,316,144[(4)] | 440,316,144 | 48.424 |
| Kwek Holdings Pte Ltd | – | 440,316,144[(4)] | 440,316,144 | 48.424 |
| Aberdeen Asset Managers Limited | – | 118,295,648[(5)] | 118,295,648 | 13.010 |
| Aberdeen Asset Management Asia Limited | – | 136,362,871[(6)] | 136,362,871 | 14.996 |
| Aberdeen Asset Management plc | – | 201,179,587[(7)] | 201,179,587 | 22.125 |

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 2 March 2015.

**Notes**

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act, Chapter 50 ("Companies Act") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 7 of the Companies Act to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 7 of the Companies Act to have an interest in the 300,146,809 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,577,780 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as Ordinary Shares in which HR is also deemed to have an interest in under note (1) above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 7 of the Companies Act to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) The deemed interest of Aberdeen Asset Managers Limited ("AAML") is based on the last notification to the Company on 1 September 2014 and relates to Ordinary Shares held by various accounts managed or advised by AAML.

(6) The deemed interest of Aberdeen Asset Management Asia Limited ("AAMAL") is based on the last notification to the Company on 3 June 2014 and relates to Ordinary Shares held by various accounts managed or advised by AAMAL.

(7) The deemed interest of Aberdeen Asset Management plc ("Aberdeen") is based on the last notification to the Company on 29 January 2015 and relates to Ordinary Shares held by various accounts managed or advised by Aberdeen.

# STATISTICS OF PREFERENCE SHAREHOLDINGS

As at 2 March 2015

| | | |
|---|---|---|
| Class of Shares | : | Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares") |
| No. of Preference Shares issued | : | 330,874,257 |
| No. of Preference Shareholders | : | 2,593 |
| Voting Rights | : | Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. 1 vote for each Preference Share. |

Not entitled to attend and vote at any General Meeting of the Company except as provided below:

(a) If the Preference Dividend (or any part thereof) due and payable and accrued is in arrears and has remain unpaid for at least six months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) If the resolution in question varies the rights attached to the Preference Shares; or

(c) If the resolution in question is for the winding up of the Company.

| Range of Preference Shareholdings | No. of Preference Shareholders | % | No. of Preference Shares | % |
|---|---|---|---|---|
| 1 - 99 | 24 | 0.92 | 1,205 | 0.00 |
| 100 - 1,000 | 985 | 37.99 | 794,386 | 0.24 |
| 1,001 - 10,000 | 1,175 | 45.31 | 4,587,188 | 1.39 |
| 10,001 - 1,000,000 | 392 | 15.12 | 30,663,065 | 9.27 |
| 1,000,001 and above | 17 | 0.66 | 294,828,413 | 89.10 |
| | 2,593 | 100.00 | 330,874,257 | 100.00 |

## MAJOR PREFERENCE SHAREHOLDERS LIST – TOP 20 AS AT 2 MARCH 2015

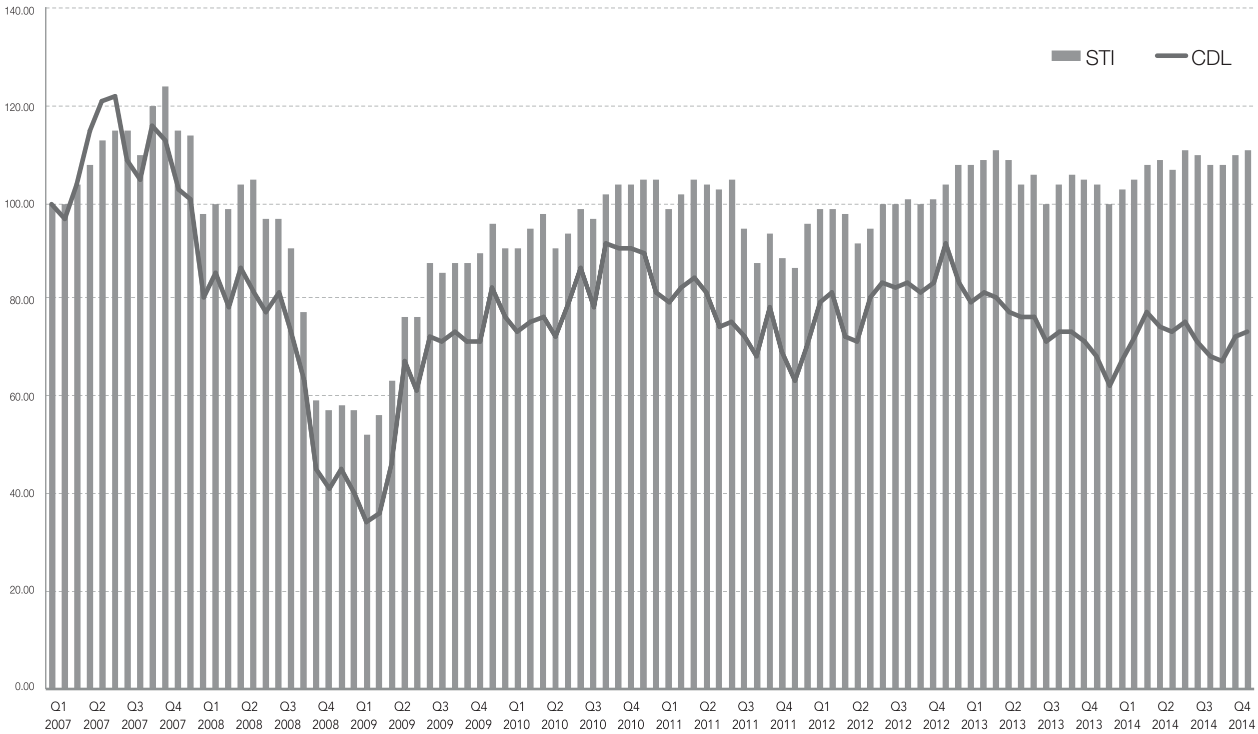
| No. | Name | No. of Preference Shares Held | %* |
|---|---|---|---|
| 1 | DBS Nominees Pte Ltd | 89,581,550 | 27.07 |
| 2 | Mandai Properties Pte Ltd | 64,931,000 | 19.62 |
| 3 | Citibank Nominees Singapore Pte Ltd | 40,496,458 | 12.24 |
| 4 | Raffles Nominees (Pte) Ltd | 31,581,589 | 9.54 |
| 5 | Aster Land Development Pte Ltd | 26,913,086 | 8.13 |
| 6 | HSBC (Singapore) Nominees Pte Ltd | 7,399,052 | 2.24 |
| 7 | Fairmount Development Pte Ltd | 7,000,000 | 2.12 |
| 8 | Guan Hong Plantation Private Limited | 5,000,000 | 1.51 |
| 9 | DB Nominees (Singapore) Pte Ltd | 4,904,827 | 1.48 |
| 10 | Hong Leong Foundation | 3,564,038 | 1.08 |
| 11 | Upnorth Development Pte. Ltd. | 3,000,000 | 0.91 |
| 12 | Hong Leong Finance Nominees Pte Ltd | 2,339,000 | 0.71 |
| 13 | Interfab Private Limited | 2,054,102 | 0.62 |
| 14 | Lim & Tan Securities Pte Ltd | 1,900,000 | 0.57 |
| 15 | Maybank Kim Eng Securities Pte Ltd | 1,777,800 | 0.54 |
| 16 | Freddie Tan Poh Chye | 1,300,000 | 0.39 |
| 17 | United Overseas Bank Nominees Pte Ltd | 1,085,911 | 0.33 |
| 18 | Sun Yuan Overseas Pte Ltd | 972,000 | 0.29 |
| 19 | Morgan Stanley Asia (Singapore) Securities Pte Ltd | 945,386 | 0.29 |
| 20 | Wong Seow Choon George | 860,000 | 0.26 |
| | | 297,605,799 | 89.94 |

* The percentage of Preference Shares held is based on the total number of issued Preference Shares of the Company as at 2 March 2015.

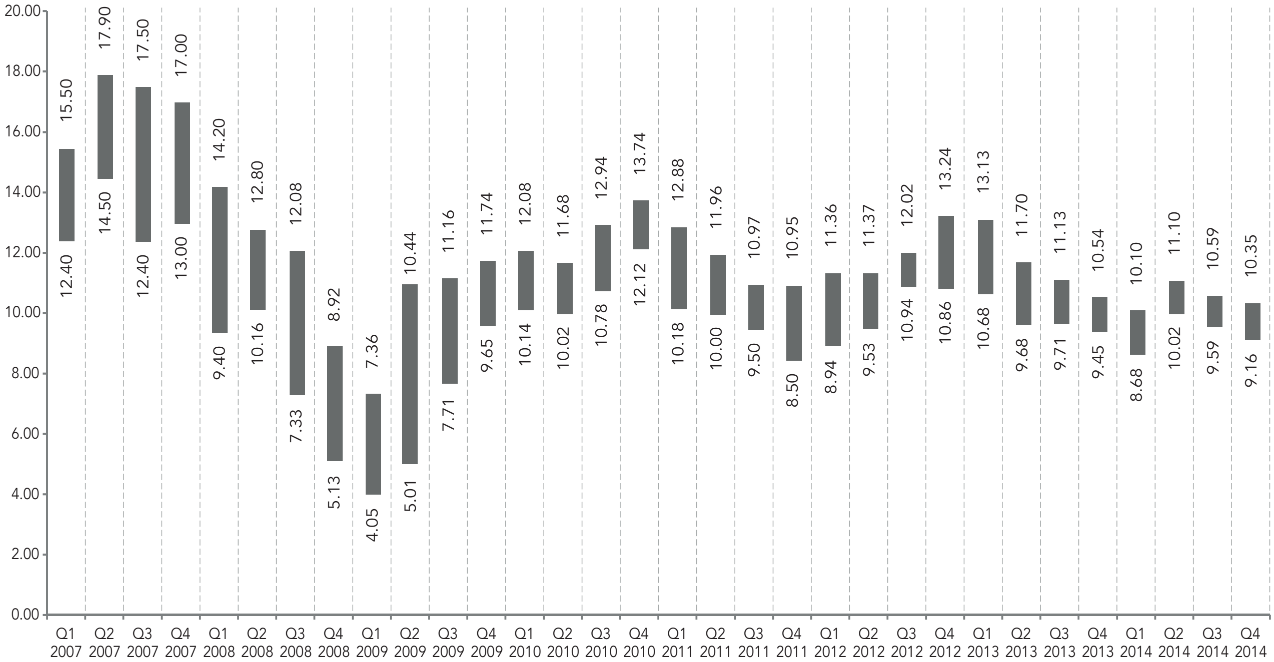
## SHARE TRANSACTION STATISTICS

### 8-YEAR SHARE PRICE PERFORMANCE

### NORMALISED VALUES




### 8-YEAR SHARE PRICE HIGH-LOW BY QUARTER



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting (the "Meeting") of City Developments Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 22 April 2015 at 3.00 p.m. for the following purposes:

## (A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December ("FY") 2014 and the Auditors' Report thereon.

2. To declare a final one-tier tax-exempt ordinary dividend of 8.0 cents per ordinary share ("Final Ordinary Dividend") and a special final one-tier tax-exempt ordinary dividend of 4.0 cents per ordinary share ("Special Final Ordinary Dividend") for FY 2014.

3. To approve Directors' Fees of $645,029.00 for FY 2014 (FY 2013: $367,000.00) and Audit & Risk Committee Fees of $58,750.00 per quarter for the period from 1 July 2015 to 30 June 2016 (period from 1 July 2014 to 30 June 2015: $58,750.00 per quarter), with payment of the Audit & Risk Committee Fees to be made in arrears at the end of each calendar quarter.

4. To re-elect the following Directors retiring in accordance with the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr Yeo Liat Kok Philip
   (b) Mr Tan Poay Seng
   (c) Ms Tan Yee Peng

5. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to hold office from the date of the Meeting until the next Annual General Meeting ("AGM"):

   (a) Mr Kwek Leng Beng
   (b) Mr Tang See Chim

   Mr Foo See Juan is retiring at the Meeting pursuant to Section 153(6) of the Companies Act, and has notified the Company that he will not be seeking re-appointment as a Director at the Meeting.

6. To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.

## (B) SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue ordinary shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force;

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution), of which the aggregate number of ordinary shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) of this Ordinary Resolution, the total number of issued ordinary shares, excluding treasury shares, shall be based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

    (i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

    (ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

8. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Ordinary Shares") and/or non-redeemable convertible non-cumulative preference shares ("Preference Shares") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

    (i) market purchases (each a "Market Purchase") on SGX-ST; and/or

    (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Ordinary Shares and/or Preference Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means in relation to any purchase or acquisition of Ordinary Shares, the number of issued Ordinary Shares representing 10% of the total number of issued Ordinary Shares as at the date of the passing of this Resolution, (excluding any Ordinary Shares held as treasury shares), and in relation to any purchase or acquisition of Preference Shares, the number of issued Preference Shares representing 10% of the total number of issued Preference Shares as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share or Preference Share to be purchased (as the case may be) means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Ordinary Shares or Preference Shares (as the case may be); and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price of the Ordinary Shares or Preference Shares (as the case may be),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Ordinary Shares or Preference Shares (as the case may be) over the last five (5) Market Days on SGX-ST, on which transactions in the Ordinary Shares or Preference Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-Market Day period;

"Closing Market Price" means the last dealt price for an Ordinary Share or Preference Share (as the case may be) transacted through SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for an Ordinary Share or Preference Share (as the case may be) as recorded on SGX-ST on the Market Day on which there were trades in the Ordinary Shares or Preference Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company makes an offer for the Off-Market Purchase of Ordinary Shares or Preference Shares, as the case may be, from holders of Ordinary Shares or holders of Preference Shares, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase, calculated on the foregoing basis) for each Ordinary Share or Preference Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which SGX-ST is open for trading in securities; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

9. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Company's Circular to Shareholders dated 28 April 2003 (the "Circular") with any party who is of the class or classes of Interested Persons described in the Circular, provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Circular, and that such approval (the "IPT Mandate"), shall unless revoked or varied by the Company in General Meeting, continue in force until the next AGM of the Company; and

   (b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

**(C) TO TRANSACT ANY OTHER ORDINARY BUSINESS**

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries
Singapore
30 March 2015

**Books Closure Date and Payment Date for Final Ordinary Dividend and Special Final Ordinary Dividend**

Subject to the approval of the ordinary shareholders at the Meeting for the payment of the Final Ordinary Dividend and Special Final Ordinary Dividend, the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 6 May 2015. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 5 May 2015 will be registered to determine ordinary shareholders' entitlement to the Final Ordinary Dividend and Special Final Ordinary Dividend.

The Final Ordinary Dividend and Special Final Ordinary Dividend, if approved by the ordinary shareholders at the Meeting, will be paid on 20 May 2015.

**Explanatory Notes:**

1. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $645,029.00 for FY 2014 excludes Audit & Risk Committee Fees of $58,750.00 per quarter. The fee structure for the Directors' Fees can be found on page 43 of the Annual Report.

2. With reference to item 4(a) of the Ordinary Business above, Mr Yeo Liat Kok Philip will, upon re-election as a Director of the Company, remain as chairman of the Nominating Committee ("NC"), a member of the Remuneration Committee ("RC") and Corporate Social Responsibility & Corporate Governance Committee ("CSR-CGC"). Mr Yeo is considered independent by the Board.

   Key information on Mr Yeo Liat Kok Philip is found on page 24 of the Annual Report. Mr Yeo has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors.

3. With reference to item 4(b) of the Ordinary Business above, Mr Tan Poay Seng will, upon re-election as a Director of the Company, remain as a member of the CSR-CGC. Mr Tan is considered independent by the Board.

   Key information on Mr Tan Poay Seng is found on page 24 of the Annual Report. Mr Tan has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors.

4. With reference to item 4(c) of the Ordinary Business above, Ms Tan Yee Peng will, upon re-election as a Director of the Company, remain as a member of the Audit & Risk Committee ("ARC"). Ms Tan is considered independent by the Board.

   Key information on Ms Tan Yee Peng is found on page 24 of the Annual Report. Ms Tan has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors.

5. With reference to item 5(a) of the Ordinary Business above, Mr Kwek Leng Beng will, upon re-appointment as a Director of the Company, remain as Chairman of the Board and a member of the Board Committee ("BC") and NC.

   Key information on Mr Kwek Leng Beng is found on page 23 of the Annual Report. Mr Kwek Leng Beng is the brother of Mr Kwek Leng Joo. Details of Mr Kwek Leng Beng's share interest in the Company and its related corporations can be found on pages 94 to 96 of the Annual Report. Mr Kwek Leng Beng is also a director and shareholder of Hong Realty (Private) Limited, Hong Leong Holdings Limited, Hong Leong Investment Holdings Pte. Ltd. and Kwek Holdings Pte. Ltd., each of which hold more than 10% direct and/or deemed interest in the Company.

6. With reference to item 5(b) of the Ordinary Business above, Mr Tang See Chim will, upon re-appointment as a Director of the Company, remain as a member of the BC, ARC and RC. Mr Tang is considered independent by the Board.

   Key information on Mr Tang See Chim is found on page 24 of the Annual Report. Details of Mr Tang's share interest in the Company and its related corporations can be found on page 94 of the Annual Report. Mr Tang has no relationships with the Company, its 10% shareholders or its Directors.

7. Mr Foo See Juan, a Director retiring at the Meeting pursuant to Section 153(6) of the Companies Act, has notified the Company that he will not be seeking re-appointment as a Director at the Meeting. Consequent thereto, Mr Foo will also cease to act as a member of the ARC and NC upon the conclusion of the Meeting.

8. The Ordinary Resolution set out in item 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is previously revoked or varied at a general meeting), to issue ordinary shares and/or make or grant Instruments that might require new ordinary shares to be issued up to a number not exceeding 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of ordinary shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares.

9. The Ordinary Resolution set out in item 8 above, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Ordinary Shares and/or Preference Shares from time to time subject to and in accordance with the guidelines set out in Annexure I of the Appendix Accompanying this Notice. This authority will expire at the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

10. The Ordinary Resolution set out in item 9 above, if passed, will renew the IPT Mandate first approved by Shareholders on 29 May 2003 to facilitate the Company, its subsidiaries and its associated companies to enter into Interested Person Transactions, the details of which are set out in Annexure II and Appendix A of the Appendix Accompanying this Notice. The IPT Mandate will continue in force until the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting.

    *Voting restriction pursuant to Rule 921(7) of SGX-ST Listing Manual*

    *Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries, the Directors of the Company and their associates, who are also shareholders of the Company and being Interested Persons under the IPT Mandate, are required to abstain from voting at the Meeting in respect of the Ordinary Resolution 9 in relation to the proposed renewal of the IPT Mandate.*

**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 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 holding the Meeting.

3. Completion and return of the instrument appointing a proxy or proxies 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 appointing a proxy or proxies, to the Meeting.

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

   Article 56 provides that a poll may be demanded by:

   (a) the Chairman of the Meeting; or
   (b) not less than five members present in person or by proxy and entitled to vote at the Meeting; or
   (c) a member or members present in person or by proxy and representing not less than ten (10) per cent. of the total voting rights of all the members having the right to vote at the Meeting; or
   (d) a member or members present in person or by proxy and holding not less than ten (10) per cent. of the total number of paid-up shares of the Company (excluding treasury shares).

5. To allow for a more efficient voting system, polling will be done by way of an electronic poll voting system. With poll voting, shareholders present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Meeting.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing proxy(ies) or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
(ii) warrants that where the member discloses the personal data of the member's proxy(ies) or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) or representative(s) for the Purposes; and
(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**CITY DEVELOPMENTS LIMITED**
(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

# PROXY FORM
52nd Annual General Meeting

**IMPORTANT:**
1. For investors who have used their CPF monies to buy City Developments Limited's ordinary shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and holders of City Developments Limited's Preference shares and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 52nd Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary of City Developments Limited. (Agent Banks: please see note No. 9 on required format).

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing proxy(ies) or representative, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 March 2015.

* I/We, ______________________________________________________________

with NRIC/Passport/Company Registration Number: ________________________________

of ______________________________________________________________ (Address)

being a *member/members of City Developments Limited (the "Company"), hereby appoint:

| Name | Address | NRIC/ Passport Number | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of Ordinary Shares | % |
| | | | | |

*and/or

| | | | | |
|---|---|---|---|---|
| | | | | |

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Fifty-Second Annual General Meeting of the Company ("AGM") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 22 April 2015 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 with an "x" in the spaces provided 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 Final Ordinary Dividend | | | |
| 3. | Approval of Directors' Fees and Audit & Risk Committee Fees | | | |
| 4. | Re-election of Directors under the Articles of Association: | (a) Mr Yeo Liat Kok Philip | | |
| | | (b) Mr Tan Poay Seng | | |
| | | (c) Ms Tan Yee Peng | | |
| 5. | Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50: | (a) Mr Kwek Leng Beng | | |
| | | (b) Mr Tang See Chim | | |
| 6. | Re-appointment of KPMG LLP as Auditors | | | |
| | **SPECIAL BUSINESS:** | | | |
| 7. | Authority for Directors to issue ordinary shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of Singapore Exchange Securities Trading Limited | | | |
| 8. | Renewal of Share Purchase Mandate | | | |
| 9. | Renewal of IPT Mandate for Interested Person Transactions | | | |

Dated this ________________ day of ________________ 2015.

| No. of ordinary shares held |
|---|
| |

*Delete accordingly

______________________________
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

**Notes:**

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument appointing a proxy or proxies, to the AGM.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the AGM.
6. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject an instrument appointing a 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 appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor’s name, NRIC/Passport Number, address and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

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2nd fold here

# 52nd AGM
# Proxy Form

Affix
Stamp
Here

The Company Secretary
**CITY DEVELOPMENTS LIMITED**
36 Robinson Road
#04-01 City House
Singapore 068877

3rd fold and glue all sides firmly overleaf. Do not staple.

## CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

# REQUEST FORM

30 March 2015

Dear Ordinary/Preference Shareholder,

In line with City Developments Limited's commitment as a socially responsible and environmentally friendly organisation that advocates a "Safe and Green" corporate culture, and promotes green initiatives to conserve the environment, the Company's Annual Report for the financial year ended 31 December 2014 ("CDL AR 2014") is distributed to all shareholders in digital format in the enclosed CD. This CD contains the full financial statements of the Company and the directors' and auditors' reports thereon together with the Appendix Accompanying the Notice of Fifty-Second Annual General Meeting ("52nd AGM"), which provides further information to shareholders on the resolutions to be proposed at the 52nd AGM for the renewal of the Share Purchase Mandate and the Interested Person Transactions Mandate. Shareholders may also wish to access the online version of the CDL AR 2014 on our corporate website at www.cdl.com.sg from 30 March 2015.

We look forward to your support of our Corporate Social Responsibility efforts by accessing the online version of the CDL AR 2014 at our corporate website or viewing the same in the attached CD. Nevertheless, shareholders will be provided the option of receiving a printed copy ("Print Copy") of the CDL AR 2014. Please indicate your preference by ticking the appropriate box in the request form below and returning it to us no later than 7 April 2015.

Your latest request will supercede any earlier requests received by us.

Yours faithfully
For and on behalf of **City Developments Limited**

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

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# REQUEST FORM

**To: City Developments Limited ("CDL")**

***Note: Please tick only one box. We regret that we will not be able to process incomplete or improperly completed request forms.***

☐ Option 1 – 1/We wish to receive the Print Copy of the CDL AR 2014 and a Print Copy of the Annual Report for future financial years for as long as I/we am/are ordinary/preference shareholders of CDL.
[Please note that if your shares are held under CPFIS, your election is valid for the Print Copy of the CDL AR 2014 only.]

☐ Option 2 – I/We wish to withdraw my/our election for the Print Copy of the Annual Report.

Name(s) of shareholder(s): ______________________ NRIC/Passport Number(s): ______________________

***Note: Please tick only one box.***

☐ Ordinary Shareholder

☐ Preference Shareholder

The shares in CDL are held by me/us under or through:

***Note: Please tick only one box.***

☐ CDP Securities Account Number:

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 6 | 8 | 1 | – | | | | | – | | | | |

☐ CPFIS Account

☐ Physical scrips

Address: ____________________________________________

Signature(s): ______________________ Date: ______________________

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2nd fold here

Postage will
be paid by
addressee.
For posting in
Singapore only.

**BUSINESS REPLY SERVICE**
**PERMIT NO. 07243**

**CITY DEVELOPMENTS LIMITED**
C/O THE CENTRAL DEPOSITORY (PTE) LIMITED
11 NORTH BUONA VISTA DRIVE
#06-07 THE METROPOLIS TOWER 2
SINGAPORE 138589

3rd fold and glue all sides firmly overleaf. Do not staple.

3rd fold and glue all sides firmly overleaf. Do not staple.

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