High Life

CITY DEVELOPMENTS LIMITED
ANNUAL REPORT 2006

CITY DEVELOPMENTS LIMITED

Co. Reg. No. 196300316Z
www.cdl.com.sg

THE PROXY TO THE SINGAPORE PROPERTY MARKET

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

With a global presence in over 20 countries spanning Asia, Europe, North America and Australasia, CDL has more than 250 subsidiaries and associated companies together with 5 listed companies on notable stock exchanges.

Backed by a track record of some 20,000 luxurious and quality homes to its name, CDL's properties are synonymous with prestige, good value, outstanding quality and a choice investment.

CDL is one of the biggest commercial landlords in Singapore with almost 5 million square feet of lettable office, industrial, retail and residential space. It also owns one of the largest land banks amongst private developers with some 4.2 million square feet that has the potential of being developed into approximately 8 million square feet of gross floor area.

CDL strongly advocates a "Safe and Green" culture and has strict adherence to its Environmental, Health and Safety (EHS) policy which was instituted in 2003. CDL was the first private property developer in Singapore to be awarded the ISO 14001 (Environmental Management System) certification by the Building and Construction Authority for its commitment to raising environmental standards in its projects and incorporating eco-friendly features into its developments. CDL also received the OHSAS 18001 (Occupational Health and Safety Management System) certification for establishing an EHS policy to monitor the environmental impact of its operations and improve workplace safety.

Millennium & Copthorne Hotels plc (M&C), the London-listed international hotel arm of CDL, is a dynamic hotel group that owns and operates over 100 hotels in 17 countries around the world, with a number of them being located in major gateway cities. The Group has a dedicated subsidiary, City e-Solutions Limited, which provides technology solutions for the global hospitality industry.

Beyond its business operations, CDL believes in giving back to the community. It remains committed to an extensive range of Corporate Social Responsibility (CSR) programmes aimed at caring for the needy, raising awareness about the environment, nurturing the youth and promoting the arts. It has been listed on the coveted FTSE4Good Social Responsibility Index since 2002 and was conferred the prestigious Corporate Citizen Award by the National Volunteer & Philanthropy Centre in 2006.

FIVE-YEAR FINANCIAL SUMMARY

	2006 $m	2005 $m	2004 $m	2003[4] $m	2002[4] $m
Share capital [1]	**1,991**	461	453	414	401
Reserves	**2,743**	4,087	3,899	4,189	3,461
Shareholders' equity	**4,734**	4,548	4,352	4,603	3,862
Minority interests	**1,646**	1,527	1,469	2,069	1,383
Total liabilities	**4,624**	4,820	5,301	6,387	6,023
	11,004	10,895	11,122	13,059	11,268
Property, plant and equipment	**6,319**	7,062	7,111	9,146	7,397
Development properties	**2,282**	1,886	1,943	2,238	2,178
Other assets	**2,403**	1,947	2,068	1,675	1,693
	11,004	10,895	11,122	13,059	11,268
Revenue	**2,547**	2,374	2,380	2,326	2,289
Profit before income tax (including share of after-tax profit of associates and jointly–controlled entities)	**692**	404	503	214	243
Profit for the year attributable to equity holders of the Company	**352**	200	227	152	151
Ordinary dividend (net)					
– final	**56** [2]	55	53	50	47
– special interim	**54**	–	–	–	–
– special final	**75** [2]	36	–	331	–
Ordinary dividend (gross) per share					
– final	**7.5 cents** [2]	7.5 cents	7.5 cents	7.5 cents	7.5 cents
– special interim	**7.5 cents**	–	–	–	–
– special final	**10.0 cents** [2]	5.0 cents	–	50.0 cents	–
Net asset value per share	**$5.21**	$5.12	$4.99	$5.56	$4.82
Basic earnings per share	**37.0 cents**	20.8 cents [3]	25.3 cents	18.8 cents	18.9 cents
Diluted earnings per share	**36.6 cents**	20.5 cents [3]	25.0 cents	18.8 cents	18.9 cents

Notes:

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

(2) *Dividends proposed for financial year ended 31 December 2006 are subjected to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.*

(3) *Basic and diluted earnings per share for 2005 have been restated to take into consideration the effect of bonus element of the warrants exercised in 2006.*

(4) *The financial information for the years ended 31 December 2002 and 2003 has not been restated for changes in accounting policies effected on or after 1 January 2005.*

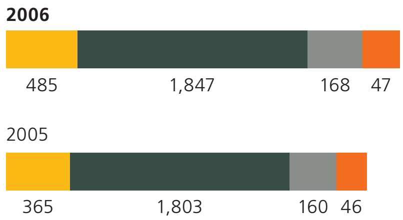
FINANCIAL HIGHLIGHTS

- Property Development
- Hotel Operations
- Rental Properties
- Others

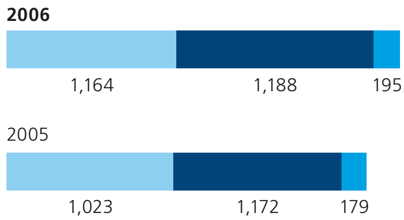
- East & South East Asia
- North America & Europe
- Australia & New Zealand

REVENUE
$million

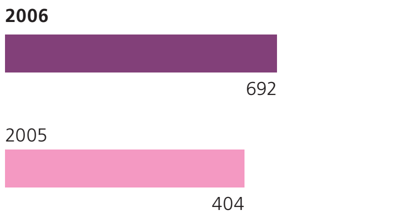
REVENUE BY ACTIVITY
$million



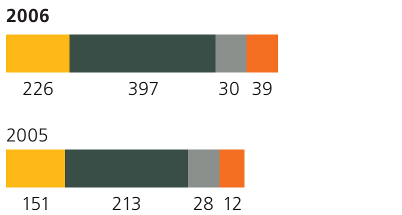
REVENUE BY REGION
$million



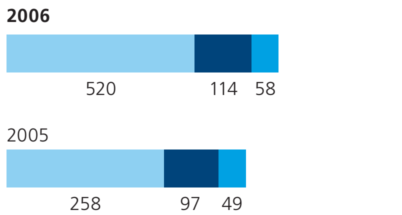
PROFIT BEFORE INCOME TAX
$million



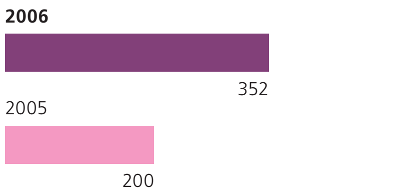
PROFIT BEFORE INCOME TAX BY ACTIVITY
$million



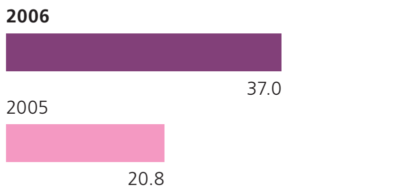
PROFIT BEFORE INCOME TAX BY REGION
$million



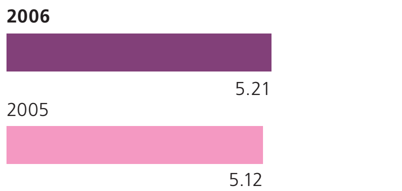
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
$million



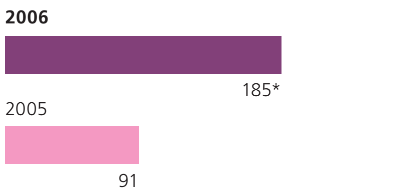
BASIC EARNINGS PER SHARE
cents



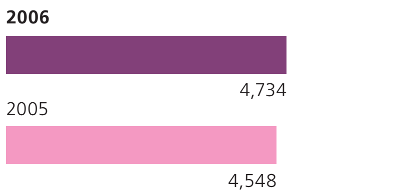
NET ASSET VALUE PER SHARE
$



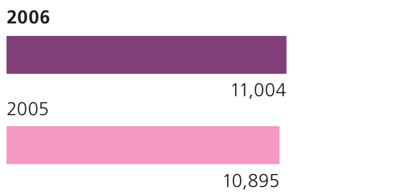
ORDINARY DIVIDEND (NET)
$million



SHAREHOLDERS' EQUITY
$million



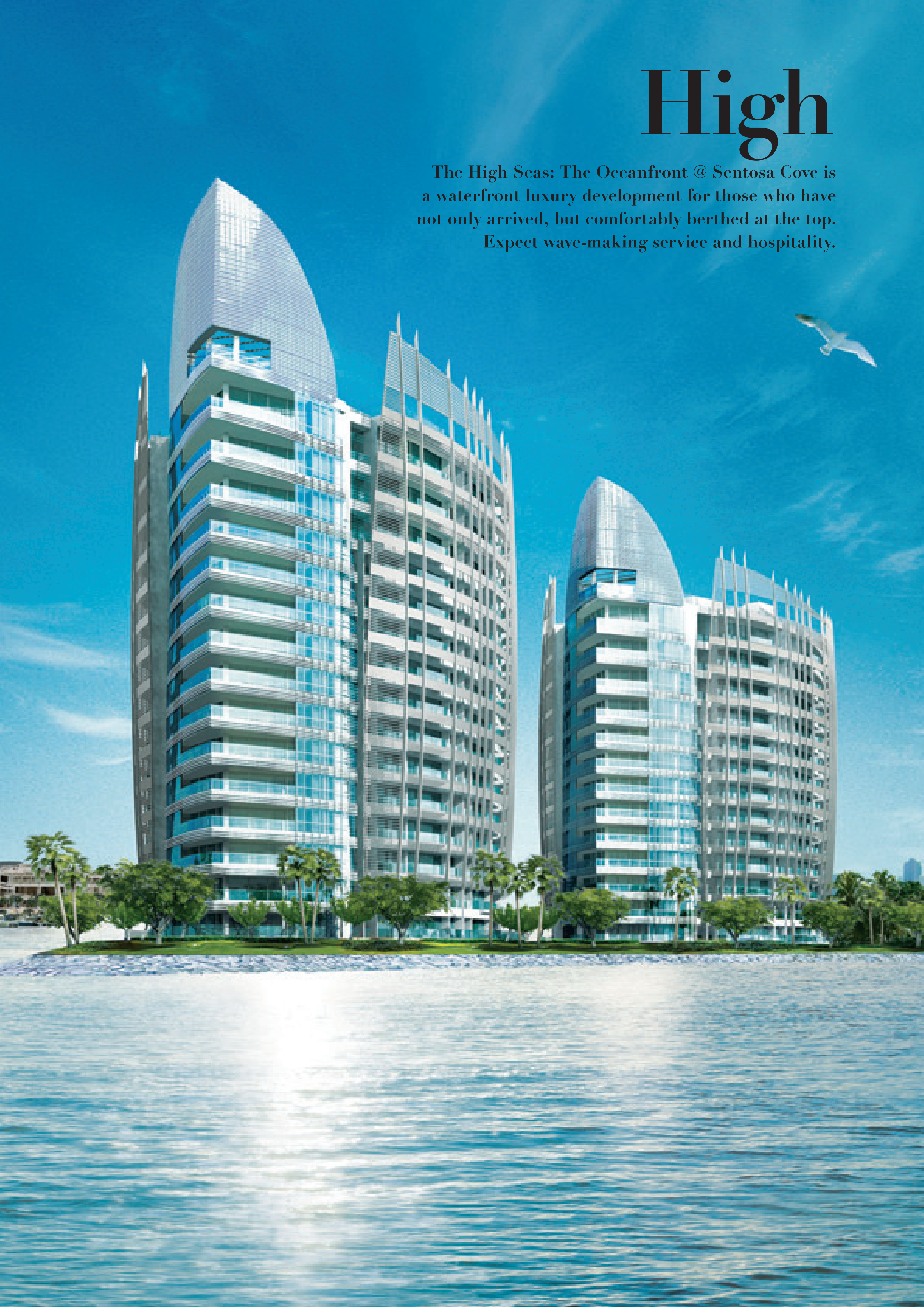
GROSS ASSETS
$million



* Figure for 2006 includes proposed ordinary dividend of $131 million.

High

The High Seas: The Oceanfront @ Sentosa Cove is a waterfront luxury development for those who have not only arrived, but comfortably berthed at the top. Expect wave-making service and hospitality.



Rise

Rising To The Challenge: With crystal-clear insights of the lifestyle needs of the various consumer segments, CDL develops properties that rise to the occasion. Creating refreshingly inventive homes such as The Oceanfront @ Sentosa Cove that impress even the most savvy of customers.

High

The High Roller: One Shenton is just a shout from the upcoming Integrated Resort in the new downtown at Marina Bay – another example of CDL's penchant for residential development in locales with appreciating value.

Stakes

Raising The Stakes: In the relentless pursuit of perfection, CDL has built an enviable portfolio of properties like the iconic One Shenton that are not only highly sought after, but also enhance the stakeholders' value.

High

A High Point In Branded Residence: The ultra-luxurious 173-unit St. Regis Residences at Tanglin Road has already garnered a reputation for being what is perhaps the most prestigious address in Singapore, pioneering Singapore's first branded residence.

Class

In A Different Class: Catering to the most demanding clientele in the glamorous high-end luxury market segment, refined selections such as CDL's St. Regis Residences is the preferred choice of the distinguished whose vocabulary rarely includes 'compromise'.

High

High-Tech Abode: By harnessing state-of-the-art technology in design methodology and construction, CDL continues to maintain exquisite quality in its residences like Tribeca, ensuring that every development is designed with perfection in mind.

Tech

Living Technology: What use is innovation if it does not improve the quality of life? CDL develops progressive, intelligent homes that meet the highest expectations of our tech-savvy buyers. Working from residences in the city such as One Shenton has never been cooler!

CHAIRMAN'S STATEMENT

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

LOCAL INDUSTRY REVIEW

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

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

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

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

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

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

GROUP PERFORMANCE

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

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

The Group has continued to be the only major listed Singapore property company that has adopted a conservative accounting policy of depreciating its investment properties as allowed by the Financial Reporting Standards (FRS). When FRS 40 on investment properties becomes mandatory from 1 January 2007, the Group will continue to adopt its current policy of stating its investment properties at cost less

CHAIRMAN'S STATEMENT

accumulated depreciation. If the Group were to adopt the policy of stating its investment properties at valuation, it will be able to boost its results significantly through the recognition of revaluation surpluses. However, the Group is of the view that as investment properties are held as long-term investments, by stating them at valuation would result in the recognition of unrealised gains in the profit and loss account which may, in turn, cause a fluctuation in its actual operating performance from year to year depending on the state of the market. If other listed property companies were to state their investment properties at valuation, this difference in accounting treatment will render our financial results not directly comparable with theirs.

PROPERTY

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

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

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

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

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

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

During the year, the Group booked in profits from both St. Regis Residences and The Sail @ Marina Bay which are joint-venture developments. Other joint-venture developments contributing towards the profits include The Pier at Robertson, Savannah CondoPark, Parc Emily, Residences @ Evelyn and Edelweiss Park.

Wholly-owned projects such as City Square Residences also contributed to the profits for the year under review.

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

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

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

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

HOTEL

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

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

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

CURRENT YEAR PROSPECTS

PROPERTY

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

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

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

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

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

HOTEL

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

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

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

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

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

GROUP PROSPECTS

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

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

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

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

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

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

APPRECIATION

I would also like to thank the Management and staff for their unwavering dedication and hardwork in the past year. We are also deeply appreciative of the continued support of our stakeholders including our investors, customers, business associates and the community.

KWEK LENG BENG
Executive Chairman
28 February 2007

董事主席报告

本人谨代表董事部同人，欣然呈报城市发展有限公司集团取得盈利一年的业绩报告。

本地行业回顾

2006年新加坡经济总体表现良好，国内生产总值增长率为7.9%，就业率也在年内创造了历史新高。政府实施经济改组，为推动新加坡成为下阶段持续成长的环球都市奠定了坚实的基础。新加坡推行的吸引外来人才策略，将新加坡发展成为领先亚洲的财富管理、旅游、教育、医疗卫生、科技、生物医学、物流与先进的国际商业和金融中心，加上其他具有前瞻性的创新思维，使这个城市已经开始进入全球瞩目的舞台，从而将新加坡转型为亚洲极具吸引力的战略投资枢纽。

自2004年底缓慢复苏以来，房地产市场于是年表现良好。私人住宅产业价格增长了10.2%，去年同期为3.9%。价格增长主要是由位于第9、10、11邮区以及一些新发展地段如滨海湾、中央商业区和升涛湾的高端豪华项目所拉动，这些地段2006年价格上涨了17%。私人公寓在中心地区及中心地区之外仅各上涨了3%和4.2%。市场已经形成分割性局面，与中低级房地产相比，高端豪华房地产更能够实现较大幅度的增值。这也促使政府对产业价格指数进行重新分类，以更好地反映不同等级房地产的价格走势。

尽管高端豪华房地产推动了市场的复苏，但市场得以改善的主要原因则是总体经济形势改善、信心恢复以及近10年经济低迷造成高端市场供应有限后所出现的迫切需求。外国投资者的购房兴趣猛涨，他们通常在世界不只一个主要城市拥有不只一套房产，而且对新加坡的经济发展更有信心。总体而言，房地产价格仍低于1996年时的高峰。

成交量也创纪录地达到11,147个单位，过去10年的年平均成交量则为7,500个单位。

当新加坡进行经济重组时，办公楼市场租金也较低。现在的情况恰恰相反，商业活动非常活跃，公司也在扩充业务，这自然导致办公楼市场表现特出，租金价格比2006年增长了超过30%。A级办公楼月租金再次冲到每平方英尺13元的高位，平均租用率为89.5%，预计未来几年顶级办公楼市场将出现供应短缺。

零售部分表现也很优良，租用率达到95%，租金提高了约4.6%。

集团业绩

截至2006年12月31日，集团取得可观的业绩，盈利增长76%，达到3.517亿元（2005年为2.004亿元），这基于25.5亿元的较高营业额（2005年为23.7亿元）以及房地产发展和酒店业务两方面所获取的增进收益。集团脱售4家酒店给城市发展酒店服务信托（CDLHT）的交易，也带来一笔1.509亿元的税前盈利。本年度每股盈利增长78%到37分（2005年为20.8分）。

鉴于良好的营运表现，董事部提议派发每股10分的特别年终毛股息，及7.5分年终股息。加上之前于2006年12月27日派发的每股7.5分中期股息，集团本年度全年股息共达25分，比2005年的12.5分多一倍。

集团继续成为唯一采取保守会计政策，依照财务报告准则（FRS）将其投资产业加以折旧的新加坡主要上市产业公司。当投资产业财务报告准则（FRS 40）于2007年1月1日法定强制执行时，集团将继续采取现行政策，将投资产业以成本扣除累积折旧折算。如果集团对其投资产业采取评估方式，通过其估计盈余可以大大提升业绩表现。但是集团认为地产是一种长期投资，评估方式将导致加入不实际的盈余于损益帐上，反过来会因实际经营业绩逐年视市场状况变化而造成波动。如果其他的上市房地产公司是采用评估方式折算，不同的财务折算方式将使我们与他们的财务表现不具有直接可比性。

产业

对于集团而言，2006年是令人振奋和取得成功的一年。虽然2006年售出1,337个住宅单位，低于2005年售出的2,071个单位，但销售额达27.7亿元，远远高于2005年的16.6亿元。

集团相信房地产市场将继续有良好表现。我们将重点和资源集中于国内市场，以从这个我们最了解并处于上升势头的市场中获取最大增值和收益。集团继续坚定推行保持新加坡房地产市场标志地位的发展战略，通过率先推出几个独特的发展项目，始终保持着在新加坡市场的领导地位，并在高端豪华市场掀起了几股热潮。

2006年集团成功发布了几个高端项目。集团通过6月初在新加坡首个发布著名奢华品牌瑞吉居,重新定义了本地豪华生活新标准。发布期间,价格达到破纪录的每平方英尺超过3,000元,高于正常价格的30%。瑞吉居仅包括有限的173套精美奢华公寓,成为新加坡无可比拟的豪华颠峰。此合资项目分期开放于市场销售,迄今150个开售单位已售出134个单位,其中超过75%的单位被熟知这个著名品牌价值的外国人买入。酒店部分计划于2007年底开业,公寓部分预计在2008年完工。整体完成后,其卓越的品牌价值将得以充分展示和体现。

6月中旬,集团发售傲世园。该将近竣工的合资发展项目拥有208个单位,位于纽顿附近的高尚住宅区。项目的所有阶段均已推出,迄今已售出93%。集团的另一亮点是成功发布了拥有264个单位的濒海高端项目升涛舫。7月发布的这个50:50合资发展项目取得惊人的反响,为当时的升涛湾地段创造了新的价格标准。这个项目已经全部售罄。

11月集团发布了翠碧家项目第一期。拥有175个单位的永久地契豪华公寓位置临近国尊河畔酒店,迷人的新加坡河景一览无余。该项目反应热烈,先期发售的140个单位已售出127个。

虽然房地产市场的复苏主要集中于高端部分,中端市场也取得一些缓慢进展。10月,集团与合资伙伴一起发布销售位于樟宜/罗央地段拥有472个单位的永久地契公寓Ferraria Park。分两期发售的250个单位已售出超过70%,随着房地产市场更全面的复苏,我们预期销售会出现上升态势。

本年度,集团从合资发展的瑞吉居和滨海舫两项目均获取了利润。其他可获取利润的合资发展项目还包括乐滨轩、百馨园,Parc Emily,傲世园以及艾得薇。独资项目城市雅居也在本受检讨年度贡献了利润值。

不过,升涛舫、翠碧家和Ferraria Park因处于初期施工阶段,利润没有被计算在内。

办公楼市场因供应有限和需求旺盛而表现强劲。集团的租用率上升到92.3%,现有租约进行更新时,租金将根据市场尺度向上调高。由于办公楼租约通常为3至5年,调整需要一段时间,租金的上调也将采用渐进和稳定的方式。

A级办公楼表现尤其优异,共和大厦租金达到每平方英尺13元,甚至高于1996年高峰时的每平方英尺11元。

按照集团充实土地库存的土地采购策略,集团成功收购了4块地皮,面积共约917,000平方英尺,开发潜力为180多万平方英尺。这些地皮总成本超过10亿元。

酒店

集团占有53%股权的千禧国尊酒店(M & C)取得1996年上市以来最高盈利水平。优异的业绩取决于经营管理的改善,以及通过脱售几处资产获取了良好的收益。

营业额增长8.6%达到6.463亿英镑(2005年为5.952亿英镑),带来利润增长15.4%达到1.247亿英镑(2005年为1.081亿英镑)。税前盈利(不含其他业务收入和受损)升至9,440万英镑,增长27.6%(2005年为7,400万英镑)。在本受检讨年度,千禧国尊酒店出售3家长期租契权益的新加坡酒店给城市发展酒店服务信托(CDLHT),获得2.106亿英镑的现金,其中的7,800万英镑转投为39.1%的城市发展酒店服务信托(CDLHT)股权。

这一成果充分肯定了2004年董事部针对2003年行业低潮时所作出发展战略的正确性。该战略着重恢复千禧国尊酒店的盈利能力,调配资产组合,推广酒店品牌,与集团整体发展保持一致的步伐。

董事主席报告

今年展望

产业

经济预期继续保持强劲表现，政府已经将增长预测由早期的4%-6%提高到4.5%-6.5%。

2007年住宅产业需求依然强盛。预计充分就业的市场形势、各领域经济的强劲增长、官方吸引外国人才的政策以及低利率的投资环境，都将扩宽新加坡的经济增长潜能。

2007年1月，集团发布了期待已久的珊顿一号，将一座落于商业中心的旧办公楼建筑重新发展为公寓的项目。这个位于滨海湾区域而拥有341个单位的座标式发展项目一经推出，便获得极其热烈的市场反应。

在高端豪华市场需求持续旺盛的时刻，集团已有3个高档项目在未来几个月蓄势待发。

第一个是位于巴慕乐园/史蒂芬路拥有59个单位的精品项目Solitaire。因其良好的地段、山顶景观和优良的建筑设计，预计将获得良好的反映。第二个项目是位于格兰芝路之前金陵大厦地段的豪华项目。此别具一格的110个单位项目拥有宽广的园林布置，设计优良的住宅空间，大部分单位都拥有360°周遭景观，将对个人、房地产基金和公司投资机构均产生巨大的吸引力。两个项目均为永久地契。

第三个项目是位于升涛湾Quayside Collection地段的223个单位众所期待的豪华住宅项目，由于所有单位均拥有水景及海景观点，加之升涛湾地段的声望，预期市场反映将再次狂热。

鉴于中端价位市场的改善，集团也计划今年在以前的Parkview地段推出50:50合资发展项目。该项目拥有493个单位，将分期推出。

建筑成本在过去12个月上升，这是基于高需求导致房地产市场非常活跃，以及建造两个综合娱乐城。新增加的成本将抬高房地产开发价格。

集团近期在汤申路标得另一块整体出售地皮，面积达到56,865平房英尺的The Albany（包括邻近的国有土地），有潜力开发一个有135间公寓的36层住宅，巩固其在该地段的地位。集团于早些时的2006年3月购置了毗邻的Lock Cho Apartment, Comfort Mansion和一幢4层无电梯公寓，组合成一个面积为137,479平方英尺的地块，若合并邻近的国有土地，面积将扩大到178,000平方英尺。在可允许的36层的高度范围内，有望开发为380至400间的永久地契项目。这符合集团的土地采购策略。

700,000平方英尺的City Square Mall建筑工程已经展开，预计将于2009年开业。该项目引起许多大型零售商的兴趣，集团与他们正处于谈判之中，已有一些确定进驻此商场。

集团也接收到一些将其零售产业注入房地产投资信托(REIT)的特别兴趣。集团保持自由选择的权力，在适当的时机甚至考虑其自身的零售业地产投资信托(REIT)。

办公楼市场预计于未来几年表现优异，尤其由於其供应日益紧缩，需求继续扩大。我们目前的办公楼租用率约为94%，预计今年租金会继续进一步增长。集团注意到办公楼房地产投资信托是一种发展潮流，也是市场所预期的。但何时上市的时机至关重要，其结果可决定一个房地产投资信托之中资产的资本价值。不象酒店服务信托，其价值能在一夜之间改变，办公楼租约通常为3至5年，只能等租约期满才能续约。集团的出发点是为我们的股东保证房地产价值获得最大程度的增值。集团正在评估各投资银行的献议，探讨在此时或未来某个时候成立办公楼房地产投资信托的可行性。此外，我们也在考虑其他有助于释放股东价值的献议。我们将对我们的选择进行评估，并将在适当时候公布。

酒店

千禧国尊酒店集团继续在全球许多门户城市以长期拥有和经营方式发展国际酒店业务，致力于促进其国际酒店业务的成长，其重点是创造更多更好的渠道获取更大的收益。

集团继续审视其以双重身份投资千禧国尊酒店的策略。作为酒店经营者,酒店能为集团带来积极和持续的现金流动。同时,集团能够充分发挥在房地产行业的丰富经验,发掘酒店的资产最大价值。通过对那些位处重点地段具有战略意味的标志性酒店进行翻新改造,如对悉尼的Zenith Residences进行再开发,对美国硅谷的Sunnyvale进行转型,以及对在伦敦和美国其他一些具有潜力的酒店进行改造等,提升酒店的地产价值。此外,集团也借助丰富的经验,在马来西亚吉隆坡帮助开发一个超级豪华公寓,位处著名的黄金购物地带,由M&C拥有,座落于Regent Hotel隔邻。集团也把握机遇释放股东利益,如出售纽约的The Plaza Hotel以及近期服务产业信托基金的上市。

通过酒店服务信托创造性地取得良好的收支平衡和机动能力,千禧国尊酒店抓住机遇占据令人称羡的有利位置,为下一阶段的发展壮大作好了准备。

千禧国尊酒店也通过管理合约,继续巩固品牌价值,加快成长步伐。酒店宣布2006年赢得了9份新的管理合约,这使它从2004年以来所签下的房间总数达到约4,000间,管理合约总数为21份。

千禧国尊酒店董事部在2003年酒店处于困难时期时,为酒店拟定了重点发展战略。2007年3月1日起酒店新的首席执行官Peter Papas上任,他的丰富经验和实际领导能力为酒店在适当时机作出正确的抉择提供了新的驱动力,将推动酒店跨上一个新的台阶。千禧国尊酒店有信心,在新的团结的管理团队的领导下,将作好准备,推动企业实现更高更大的持续增长。

集团前景展望

未来几年新加坡房地产市场前景光明。政府重组了经济结构,正在将新加坡发展成为一个适于生活、工作和玩乐的灿烂都市,各种综合因素加强了对全球投资者的吸引力。

首先,目前全球流动资金增加,企业借贷所支付的保费风险相对较低。随着全球化发展及创新,一场全球性金融革命为全球资金带来更广阔的流通,更多公司增加了投资的兴趣,而新加坡是他们所钟爱的投资城市。

其次,今日新加坡的经济更有活力,蕴藏着更大的潜力。由於政府打造了一个稳定、全球化、亲和力的投资环境,吸引了外国资金涌入,同时仍然敏捷和坚定地推动新加坡发展成为一个国际都会。这吸引了不少投资者以新加坡为基地,进军亚太区域市场。

第三,非传统市场如中国、俄罗斯、印度和中东都取得了新的财富增长,这也吸引投资者们落户新加坡开始寻找机会,以此作为进军亚太市场的跳板。

良好的定位使新加坡从这些市场趋势中获益。外资涌入,高素质的外来人才,到访新加坡的游客人数大幅上升,都转化成对房地产市场的需求增高,也预示着我们经济的良好态势。

基于对预售发展项目陆续可获取利润的锁定,集团相信在接下来的12个月内将取得更好的成绩。

致谢

我谨代表董事部,感谢管理层和职员们过去一年所作出的辛勤努力与奉献。我们亦对我们的股东包括我们的投资者、客户、商业伙伴以及社区的不懈支持,致以深深的谢意。

郭令明
执行主席
2007年2月28日

BOARD OF DIRECTORS


KWEK LENG BENG


KWEK LENG JOO


CHEE KENG SOON


CHOW CHIOK HOCK

KWEK LENG BENG, 66

Appointed as Director and Executive Chairman of City Developments Limited (CDL) since 1 October 1969 and 1 January 1995 respectively, Mr Kwek was re-elected on 29 April 2004. He also sits on the Nominating Committee of CDL.

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

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

KWEK LENG JOO, 53

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

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

Mr Kwek is also Vice Chairman of the Singapore Business Federation and Vice President of the ASEAN Chamber of Commerce & Industry. Other appointments include Chairmanship of Sun Yat Sen Nanyang Memorial Hall Company Limited, the Board of Trustees of National Youth Achievement Award Council, and Chinese Language & Culture Funds Management Committee as well as the Immediate Past President of the Singapore Chinese Chamber of Commerce and Industry.

CHEE KENG SOON, 74

Appointed a Director of CDL since 29 March 1995, Mr Chee was last re-appointed a Director on 26 April 2006 pursuant to Section 153(6) of the Companies Act, Chapter 50. He is also the Chairman of the Audit, Nominating and Remuneration Committees of CDL.

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

CHOW CHIOK HOCK, 68

Appointed a Director of CDL since 1 October 1969, Mr Chow was last re-elected on 26 April 2006. He also sits on the Remuneration Committee of CDL.

Mr Chow has extensive experience in real estate and was actively involved in the management and development of the Grand Hyatt Taipei. He presently sits on the boards of Hong Leong Holdings Limited and other companies in the Hong Leong Group.

FOO SEE JUAN

KWEK LENG PECK

HAN VO-TA

TANG SEE CHIM

FOO SEE JUAN, 66

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

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

KWEK LENG PECK, 50

Appointed a Director of CDL since 1 August 1987, Mr Kwek was last re-elected on 26 April 2006. He is an Executive Director of HLA and CES and also sits on the boards of HLF, M&C, New York-listed China Yuchai International Limited and Malaysia-listed Tasek Corporation Berhad.

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

HAN VO-TA, 58

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

Mr Vo-Ta sits on the boards of various companies in the Hong Leong Group.

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

TANG SEE CHIM, 74

Appointed a Director of CDL since 28 August 1995, Mr Tang was last re-appointed a Director on 26 April 2006 pursuant to Section 153(6) of the Companies Act, Chapter 50. He also sits on the Audit and Remuneration Committees of CDL.

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

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

SENIOR MANAGEMENT


CHIA NGIANG HONG


GOH ANN NEE


TAN SENG CHEE


EDDIE WONG

CHIA NGIANG HONG, Group General Manager

Mr Chia Ngiang Hong joined City Developments Limited (CDL) in 1981 and has about 30 years of experience in the real estate industry in Singapore and the region. He graduated from the University of Singapore with a degree in Bachelor of Science in Estate Management (Honours). He was conferred a distinction in Masters in Business Administration 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. He is also a Certified Property Manager with 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 joining CDL, she was the Vice President (Finance) at Millennium & Copthorne International Limited. Ms Goh graduated from the University of Glasgow.

A Chartered Accountant, Ms Goh is a member of the Institute of Chartered Accountants in England and Wales and is also a member of the Institute of Certified Public Accountants of Singapore. Ms Goh started her career with Coopers & Lybrand (now known as Pricewaterhouse Coopers) based in London and has had an international financial management career in multinational companies from industries including chemicals, logistics and process controls automation.

TAN SENG CHEE, Chief Information Officer

Trained as an engineer, Mr Tan Seng Chee has about 25 years of experience in the IT industry. He graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) degree, Master of Science (Industrial Engineering) and a post graduate diploma in Computer Science from the British Computer Society.

Mr Tan joined CDL in 2000 and has much experience working with many diverse applications and systems in both in-house IT departments and IT vendor environment.

EDDIE WONG, General Manager (Projects)

Mr Eddie Wong has been in the construction industry for nearly 30 years and joined CDL in 1981. He has a Masters degree in International Environmental Management from The University of Adelaide and a Diploma in Building from Singapore Polytechnic.

Mr Wong is a Fellow of the Society of Project Managers. He is also a Steering Committee Member of the Energy Sustainability Unit (Partner of the Economic Development Board), and a member of the Construction Industry IT Standards Committee which develops standards for the construction industry.

HEADS OF DEPARTMENT

Deputy General Managers
ESTHER AN, Corporate Affairs
ANTHONY CHIA, Design & Projects
NG TIONG BEE, Property
SUZY ONG, Treasury
SHARIFAH SHAKILA SHAH, Legal
SIM BOON HWEE, Business Development
CORINNE YAP, Leasing

Assistant General Managers
ANTHONY GOH, Investment Property
LEE MEI LING, Marketing
CATHERINE LOH, Corporate Secretarial Services
GEORGE TAN, Administration
KELLY TAN, Projects
TAY CHEOW CHUAN, Development Property
SHERINE TOH, Human Resource

Senior Managers
FOO CHUI MUI, Customer Relationship Management
BELINDA LEE, Corporate Communications
NG MUI SIANG, Internal Audit

CORPORATE STRUCTURE
as at 1 March 2007

- **Hong Leong Group Singapore**
  - **City Developments Limited***
    83 Subsidiary Companies
    29 Associated Companies
    9 Limited Liability Corporations
    - 52% **City e-Solutions Limited***
      11 Subsidiary Companies
    - 53% **Millennium & Copthorne Hotels plc***
      - **Asia**
        - Republic Hotels & Resorts Limited (100%)
          18 Subsidiary Companies
          2 Associated Companies
        - Grand Plaza Hotel Corporation* (66%)[1]
          1 Associated Company
        - 18 Subsidiary Companies
          11 Associated Companies
      - **Australasia**
        - 1 Subsidiary Company
        - CDL Hotels Holdings New Zealand Limited (100%)
          1 Subsidiary Company
        - Millennium & Copthorne Hotels New Zealand Limited* (70%)
          - KIN Holdings Limited (61%)
            - Kingsgate International Corporation Limited (100%)
              9 Subsidiary Companies
          - CDL Investments New Zealand Limited* (63%)
            1 Subsidiary Company
          - 10 Subsidiary Companies
      - **Europe**
        - 40 Subsidiary Companies
        - 1 General Partnership
      - **North America**
        - 50 Subsidiary Companies
        - 17 Limited Liability Corporations
        - 17 Limited Partnerships
        - 4 General Partnerships
    - 99% **Target Realty Limited**
      5 Subsidiary Companies

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

* Listed Companies

CORPORATE GOVERNANCE

City Developments Limited ("CDL" or the "Company") is committed to maintaining good corporate governance in accordance with the principles and guidelines set out in the Code of Corporate Governance released by the Council on Corporate Disclosure and Governance in 2005 ("CCDG Code"). Accordingly, CDL has revised its internal guidelines on corporate governance ("Internal CG Guidelines") to take into consideration the principles and guidelines set out in the CCDG Code.

The following describes the Company's corporate governance policies and practices which include, *inter alia*, specific references to the principles and guidelines as set out in the CCDG Code.

BOARD MATTERS

CCDG Code Principle 1: The Board's Conduct of Affairs

The Board oversees the Company's business. Its primary functions are to set corporate policy, provide guidance and approval of strategic plans and direction for the Company, review management performance, establish and oversee the framework for internal controls and risk management, and assume responsibility for good corporate governance. These functions are either carried out directly by the Board or through committees established by the Board, namely, the Board Committee ("BC"), the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the City Developments Share Option Scheme 2001 Committee ("Scheme Committee"), all collectively referred to hereafter as the "Committees". The composition of each Committee can be found under the Corporate Directory in the Annual Report.

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority and yet maintain control over major policies and decisions.

The Company conducts regular scheduled Board meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Company's Articles of Association allow for the meetings of its Board and Committees to be held via teleconferencing.

The attendance of the Directors at meetings of the Board and Committees, as well as the frequency of such meetings, is disclosed on page 27. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

The BC, which comprises 5 Directors with the majority of its members being non-executive, assists the Board in the discharge of its duties by deliberating on operational matters requiring Board review that may arise between the full Board meetings. It assists the Board, in particular, in approving banking-related matters such as the opening, closing and maintenance of banking accounts of the Company and the acceptance of banking facilities up to certain limits extended to the Company, operational matters relating to property development and other matters determined by the Board from time to time. The Board has also adopted an internal guide wherein certain key matters are specifically reserved for approval by the Board such as the setting of strategic decisions or policies or financial objectives which are, or may be significant, in terms of future profitability or performance of the Group and decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector.

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. Newly appointed Directors are also welcomed to meet with the management and be briefed by them on the Company's business and governance practices. The Company encourages the Directors to keep updated with the latest changes to the relevant laws and regulations affecting the Company and to receive further relevant training of their choice in connection with the discharge of their duties. Such relevant courses include programmes conducted by the Singapore Institute of Directors and Singapore Exchange Securities Trading Limited. Each Director also receives a manual containing information on a director's duties and responsibilities, corporate information of the Group, and Company and Board policies including the Internal CG Guidelines which also cover the internal code of business and ethical conduct, internal code on securities trading, whistle-blowing procedure, and a schedule of matters specifically reserved for the Board's approval. Directors are also provided regular updates and briefings from time to time by professional advisers, auditors, management and the company secretaries on new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and obligations as directors.

The Company has adopted an Internal Code of Business and Ethical Conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The Code provides a communicable and understandable framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflicts of interests.

Directors' Attendance at Board and Board Committee Meetings in 2006

Name of Directors	Board	AC	NC	RC	Scheme Committee
	Number of Meetings held: 7	Number of Meetings held: 8	Number of Meetings held: 1	Number of Meetings held: 2	Number of Meetings held: Nil
	Meetings attended	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Kwek Leng Beng*	7	N.A.	1	2	N.A.
Kwek Leng Joo	7	N.A.	N.A.	N.A.	N.A.
Chee Keng Soon	6	8	1	2	N.A.
Chow Chiok Hock*	7	N.A.	N.A.	N.A.	N.A.
Foo See Juan	6	8	1	N.A.	N.A.
Kwek Leng Peck	7	N.A.	N.A.	N.A.	N.A.
Han Vo-Ta	6	7	N.A.	N.A.	N.A.
Tang See Chim	7	7	N.A.	2	N.A.

* Mr Chow Chiok Hock was appointed a member of the RC in place of Mr Kwek Leng Beng on 30 November 2006

CCDG Code Principle 2: Board Composition and Guidance

The Board currently comprises 8 members. All members of the Board except for the Chairman and the Managing Director are non-executive Directors. Of the 6 non-executive Directors, the Board considers 4 of them, being half of the Board, to be independent, thus providing for a strong and independent element on the Board capable of exercising objective judgment on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision making.

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

The Board comprises business leaders and professionals with financial, banking, legal and business management backgrounds. The Board has reviewed its composition, taking into account the scope and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision making. The standing of the members of the Board in the business and professional communities, and their combined business, management and professional experience, knowledge and expertise provide the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth. Non-executive Directors of the Company are encouraged to participate actively in Board meetings in the development of the Company's strategic plans and direction and in the review and monitoring of management's performance against set targets.

CORPORATE GOVERNANCE

CCDG Code Principle 3: Chairman and Chief Executive Officer

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

Mr Kwek Leng Beng is the Executive Chairman of the Company and the Chairman of the Board. The holding of these dual roles by the same Director, together with the strengths brought to these roles by a person of Mr Kwek Leng Beng's stature and experience has been considered by the Board. As Chairman of the Board, Mr Kwek Leng Beng bears primary responsibility for the workings of the Board, by ensuring its effectiveness on all aspects of its role, exercising control over the quality, quantity and timeliness of information flow between the Board and Management, ensures effective communication with shareholders, facilitating the effective contribution of non-executive Directors in particular, and overseeing the Group's corporate governance and conduct. As Executive Chairman, Mr Kwek Leng Beng is the most senior executive in the Company and provides overall leadership and strategic vision for the Group.

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

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

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

CCDG Code Principle 4: Board Membership

The NC's main role as set out in its written terms of reference is to recommend all Board and Committee appointments and re-appointments, determine independence of each Director, and identify new directors who have the appropriate knowledge, experience and skills to contribute effectively to the Board. 2 out of the 3 members of the NC, including the NC chairman, are independent.

When considering the re-nomination and re-election of Directors, the NC takes into account their contribution to the effectiveness of the Board and the competing time commitments faced by Directors with multiple board representations. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The Directors submit themselves for re-nomination or re-election at regular intervals and the Articles of Association of the Company provide that at least one-third of the Directors for the time being, other than the Managing Director, shall retire as Directors at each Annual General Meeting of the Company. The Managing Director is appointed by the Board for such period (except that where an appointment is for a fixed term, such term shall not exceed five years) and upon such terms as the Board thinks fit.

In reviewing and recommending to the Board any new director appointments, the NC takes into consideration the current Board size and its mix, the additional skills and experience that will bolster the core competencies of the Board, the search process for the identification of suitable candidates and once identified, the appropriate knowledge, experience and skills of the candidates who in its opinion, are fit and proper and qualified for office.

Key information regarding the Directors is set out on pages 22 to 23 of the Annual Report 2006.

CCDG Code Principle 5: Board Performance

The Company has in place a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NC assesses each Director's performance and evaluates 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. 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, are furnished to the Board.

Assessment parameters for Directors' performance include their level of participation at Board and Committee meetings and the quality of their contribution to Board processes and the business strategies and performance of the Group. The NC's evaluation of the individual Directors for the financial year ended 31 December 2006 ("FY 2006") was facilitated this year with feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the evaluation process would be used by the NC, in its consultation with the Chairman of the Board, to effect continuing improvements on Board processes.

CCDG Code Principle 6: Access to Information

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

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

REMUNERATION MATTERS

CCDG Code Principle 7: Procedures for Developing Remuneration Policies

The RC comprises 3 non-executive Directors, majority of whom including the chairman of the RC are independent. The RC's principal responsibilities as set out in its written terms of reference are to review and recommend for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Board member, including the Executive Chairman, the Managing Director and also for the Group General Manager. In setting remuneration packages, the RC also ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Company.

CCDG Code Principle 8: Level and Mix of Remuneration

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

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

The remuneration of the non-executive Directors are set at a level appropriate to their degree of contribution, taking into account attendance and time spent, and their respective responsibilities. No Director is involved in deciding his own remuneration.

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

CCDG Code Principle 9: Disclosure of Remuneration

The total compensation packages for employees including the Executive Chairman, the Managing Director and the Group General Manager comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (which includes year-end and variable bonuses, and benefits-in-kind, where applicable), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. The breakdown (in percentage terms) of the Directors' remuneration for FY 2006 is set out below.

Directors' Remuneration for FY 2006

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %
Above $4,250,000 and up to $4,500,000				
Kwek Leng Beng^	18	73	8	1
Above $3,750,000 and up to $4,000,000				
Kwek Leng Joo^	20	74	5	1
Above $250,000 and up to $500,000				
Chow Chiok Hock^	–	86	14	–
$250,000 and below				
Chee Keng Soon	–	–	100	–
Foo See Juan^	–	–	100	–
Kwek Leng Peck^	–	–	100	–
Han Vo–Ta	–	–	98	2
Tang See Chim	–	–	100	–

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

** These fees comprise Board and Committee fees for FY 2006, which are subject to approval by shareholders as a lump sum at the 2007 Annual General Meeting as well as Audit Committee fees for FY 2006 that have already been approved by shareholders at the last Annual General Meeting.

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

No options were granted by the Company to subscribe for unissued shares in the Company during FY 2006.

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

During FY 2006, none of the Directors had immediate family members not disclosed above who were employees of the Company and whose personal annual remuneration exceeded $150,000.

ACCOUNTABILITY AND AUDIT

CCDG Code Principle 10: Accountability

The Board provides shareholders with quarterly and annual financial results. Results for the first 3 quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Company's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Company's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

The management provides the Executive Directors and members of the AC with monthly financial summary of the Group's performance.

CORPORATE GOVERNANCE

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

CCDG Code Principle 11: Audit Committee

The AC comprises 4 non-executive Directors, all of whom including the chairman of the AC are independent. The AC has sufficient financial management expertise and experience amongst its members to discharge its functions within its written terms of reference. The AC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has full access to and co-operation of management. It may invite any Director, executive officer or employee of the Company to attend its meetings and is also authorised to seek external professional advice to enable it to discharge its functions.

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

- to review with management and, where appropriate, with the external auditors on the quarterly and full year financial statements issued by the Group before their submission to the Board to ensure their completeness, accuracy and fairness;

- to review, on an annual basis, the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the external auditors;

- to review the effectiveness of the internal audit function;

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor; and

- to review interested person transactions.

The AC held 8 meetings during the year and carried out its duties as set out within its terms of reference. It also met with the internal and external auditors, each separately without the presence of management. Having reviewed the nature and extent of the non-audit services provided to the Group by the external auditors for FY 2006, the AC is of the opinion that the provision of such non-audit services would not affect the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of KPMG for re-appointment.

CDL has in place a whistle-blowing procedure where staff of the Company can raise in confidence concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action.

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 Singapore Exchange Securities Trading Limited ("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 26 April 2006 and given that such Interested Person Transactions are expected to occur with some degree of frequency and may arise at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the coming Annual General Meeting of the Company for the renewal of the IPT Mandate.

The AC has confirmed that an independent financial adviser's opinion is not required for the renewal of the IPT Mandate as the methods and procedures for determining the transaction prices of the Interested Person Transactions conducted under the

CORPORATE GOVERNANCE

IPT Mandate have not changed since the IPT Mandate was obtained on 29 May 2003, and such methods and procedures continue to be sufficient to ensure that these Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

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

Interested Persons	Aggregate Value of All Interested Person Transactions in FY 2006 (Excluding Transactions Less Than $100,000 And Transactions Conducted Under the IPT Mandate Pursuant to Rule 920)	Aggregate Value of All Interested Person Transactions Conducted in FY 2006 Under the IPT Mandate Pursuant to Rule 920 (Excluding Transactions Less Than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	$18,221,475.00*	Property-related: (leases, project management, property management and maintenance, marketing, accounting and administrative, cleaning and carpark operation and management services)	$10,895,755.80
		Financial and Treasury-related: (inter-company loans)	$213,351.00
		Total:	**$11,109,106.80**
Directors and their immediate family members	$55,174,340.00**		Nil

* The figure comprises the aggregate value of shareholders' loans extended to joint ventures involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2006, which were announced on 5 February 2007 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 equity interest in the respective joint ventures and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans.

** The figure includes the aggregate value of $55,054,380.00 being the sales of property units in the Group's development projects to Directors and their immediate family members.

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.

CCDG Code Principle 12: Internal Controls

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls. Internal and external auditors conduct regular reviews of the system of internal controls, and material internal control weaknesses are brought to the attention of the AC and to management for remedial action. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Board confirms that, with the assistance of the AC, it reviews the effectiveness of the Group's financial, operational and compliance controls and risk management systems which are monitored through a programme of internal and external audits together with regular reviews by the management of the Company's risk management processes and procedures, and is satisfied with the adequacy of such internal controls system.

CCDG Code Principle 13: Internal Audit

The Internal Audit ("IA") function is independent of the activities it audits. The Head of IA's primary reporting line is to the chairman of the AC with an administrative line of reporting to the Group General Manager of the Company. IA has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and has incorporated these standards into IA's audit practices. IA operates within the framework stated in its Internal Audit Charter which is approved by the AC.

The Company has a well-established IA function with formal procedures for internal auditors to report their audit findings to the AC and to management. The AC reviews the adequacy of the internal audit function through a review of the internal auditors' activities on a quarterly basis and is satisfied that the internal audit function has adequate resources and appropriate standing within the Group to perform its functions properly.

COMMUNICATION WITH SHAREHOLDERS

CCDG Code Principle 14: Communication with Shareholders

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

CCDG Code Principle 15: Greater Shareholder Participation

At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and the management questions regarding matters affecting the Company. The chairman of the AC, NC and RC and the external auditors were present at the last Annual General Meeting, and will endeavour as far as reasonably practicable to be present at the coming Annual General Meeting to address, and to assist the Directors in addressing, queries raised by the shareholders.

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

INTERNAL CODE ON DEALINGS IN SECURITIES

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

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

Non-Executive
Chee Keng Soon, Independent
Chow Chiok Hock
Foo See Juan, Independent
Kwek Leng Peck
Han Vo-Ta, Independent
Tang See Chim, Independent

BOARD COMMITTEE

Kwek Leng Beng
Kwek Leng Joo
Chow Chiok Hock
Kwek Leng Peck
Han Vo-Ta

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Chee Keng Soon, Chairman
Kwek Leng Beng
Foo See Juan

REMUNERATION COMMITTEE

Chee Keng Soon, Chairman
Chow Chiok Hock
Tang See Chim

CITY DEVELOPMENTS SHARE OPTION SCHEME 2001 COMMITTEE

Kwek Leng Joo, Chairman
Foo See Juan

SECRETARIES

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

REGISTRARS AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

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

HIGHLIGHTS OF THE YEAR

Left to right
CDL's projects take the spotlight once again when they won the most number of awards at the prestigious BCA Awards 2006.

Celebrating the glamorous launch of St. Regis Residences with the traditional popping of champagne and toast.

JANUARY

- CDL was among the Top 20 companies ranked by highest overseas revenue in the Singapore International 100 Ranking 2006.

- CDL supported a daring feat for charity. Chairman and Honorary CEO of Ren Ci Hospital and Medicare Centre, Venerable Shi Ming Yi, walked across 20m-long, 15cm-wide parallel beams suspended outside the top of Republic Plaza, CDL's flagship building, to raise funds in the Ren Ci Charity Show for the hospital.

FEBRUARY

- CDL was the sole recipient in the Best Social Report category of the Singapore Environmental & Social Reporting Awards 2005 awarded by Association of Chartered Certified Accountants (ACCA).

MARCH

- CDL purchased a Thomson Road site that includes Lock Cho Apartment, Comfort Mansion and a four-storey walk-up apartment for $156.3 million. By amalgamating with an adjoining state land, the site may be enlarged to 179,828 square feet to be redeveloped into a 36-storey project comprising 380 to 400 units.

- Hive @ RP, located at the basement of Republic Plaza was launched. It is the new gastronomic haven at Raffles Place featuring numerous trendy food and beverage (F&B) outlets.

APRIL

- CDL's projects received the most honours at the Building and Construction Authority Awards (BCA) 2006. The 10 awards include three Construction Excellence Awards (Goldenhill Park Condominium, Goldenhill Villas and Nuovo Executive Condominium [Merit]); three Best Buildable Design Awards (Savannah CondoPark, The Esparis and Monterey Park Condominium [Merit]); two Green Mark Gold^{Plus} (City Square Residences and St. Regis Hotel & Residences, Singapore) and two Green Mark Gold (The Sail @ Marina Bay and Tribeca).

- In Reader's Digest's Annual Consumer Brand Preference Survey 2006, CDL was the only Gold Award Winner in the Property Developer category in Singapore.

MAY

- CDL's first hotel in Thailand, the five-star Millennium Hilton Bangkok with 542 rooms along the Chao Phraya River was officially opened.

- CDL made a successful bid for Lucky Tower through its wholly-owned subsidiary, Aston Properties Pte Ltd, for $383 million. Located along Grange Road, this prime 169,189 square feet freehold site can be built into a 24-storey condominium.

- For its excellence in Occupational Health and Safety management in the workplace for 2006, CDL was the only company in Singapore to be conferred the Royal Society for the Prevention of Accidents (RoSPA) Gold Award.

- CDL was the proud recipient of two FIABCI Prix d'Excellence awards under the Residential Category for Changi Rise (1st Runner-Up) and Goldenhill Villas (2nd Runner-Up). The prestigious Award recognises projects of outstanding achievement and overall merit that best embody excellence in all the real estate disciplines involved in its creation.

- Goldenhill Park Condominium won a Merit Award at the 3rd International Federation of Landscape Architects (Eastern Region) for landscape architecture. CDL was the only Singapore developer to receive this prestigious award for 2006.

- The Pier at Robertson, a luxurious mixed development comprising 201-residential units and numerous F&B and retail outlets along Mohamed Sultan Road, received its Temporary Occupation Permit (TOP) and Certificate of Statutory Completion (CSC).

JUNE

- St. Regis Residences, Singapore, the one and only branded residences in Singapore was launched. The epitome of refined elegance and sophisticated living, this exclusive 173-unit development located at Tanglin Road, Tomlinson Road and Cuscaden Road will be adjoined to St. Regis Hotel, Singapore. Touted as the most exquisite launch of the year, the high-profile, red-carpet event was widely covered by the local and international media. The project is a joint venture between CDL, Hong Leong Holdings Limited and TID Pte. Ltd..

HIGHLIGHTS OF THE YEAR

- The freehold 208-unit Residences @ Evelyn was officially launched. A prime elevated site offering one of the best views in the Newton vicinity, it received very positive response and Phase One units were quickly snapped up and over 93% has since been sold.

JULY

- CDL subsidiary, Millennium & Copthorne Hotels plc (M&C), announced its initial public offering of CDL Hospitality Trusts (CDLHT) on 19 July. CDLHT is the first hotel REIT in Singapore and is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT) and CDL Hospitality Business Trust. In its trading debut, CDLHT's trading price rose to $0.85, above its IPO price of $0.83.

- The Oceanfront @ Sentosa Cove set a new benchmark price in Sentosa Cove when it was launched at an early bird average price of $1,300 per square foot. The 264-unit waterfront development, a joint venture with TID Pte. Ltd., achieved phenomenal success with 90% sold within a week!

- Establishing another foothold at Sentosa Cove, CDL was awarded the tender for The Quayside Collection at Sentosa Cove for $235.75 million. Set to be the only commercial and hotel site on Sentosa Cove, this 523,251 square feet site can be developed into a seven-storey, 320-room five-star hotel; a three-storey waterfront commercial and retail development and a separate six-storey high residential development.

- The luxurious 604-unit Millennium Residence @ Sukhumvit located in the heart of Bangkok was launched for sale. CDL is the overseas development consultant.

- The Singapore Young Photographer Award was initiated by CDL's Managing Director, Mr Kwek Leng Joo, to seek out and groom young photographic talents. As part of the Award, CDL also sponsored the CDL Young Architectural Photographer Award to cultivate further interest in the area of architectural photography.

- CDL was the recipient of the Minister for Defence Award, the highest accolade presented to employers at the Total Defence Awards (previously known as the SAF Awards for Employers and the Total Defence Awards for Civil Resource Owners). CDL was also inducted into the prestigious Minister for Defence Awards (MiDAS) League as a leader and advocate of national defence.

AUGUST

- CDL announced at its Half Year 2006 Analyst/Media Briefing that its residential property sales value of $1.7 billion as at 10 August 2006 had already surpassed 2005's full year sales value of $1.66 billion.

SEPTEMBER

- CDL was voted one of Singapore's most transparent companies in SIAS (Securities Investors Association Singapore) Investors' Choice Awards 2006.

- In recognition of the company's contributions in enhancing the lives of lonely senior citizens, CDL's employee Volunteer Platform, City Sunshine Club, received the Friend of the Elderly Award by the Lions Befrienders for the second consecutive year.

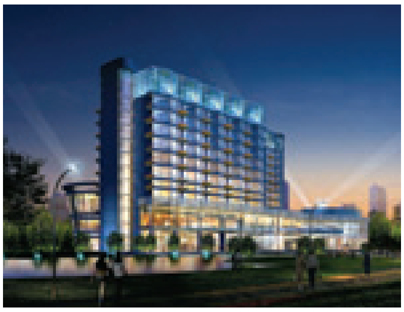
- CDL was selected to be part of PUB's (Public Utilities Board) Friends of Water initiative. This accolade is in recognition of organisations that have contributed to raising awareness about water conservation and answered the call to do their part towards Singapore's water sustainability.

OCTOBER

- Ferraria Park, a freehold condominium along Flora Drive was launched. Over 70% of the 250 units released have since been sold. It is developed by Tripartite Developers Pte. Limited which is a joint venture between CDL, Hong Leong Holdings Limited and TID Pte. Ltd..

- CDL purchased Futura for $287.3 million. This District 9 freehold residential site along Grange/Leonie Hill Road is a sizeable 87,034 square feet in area and can be built up to 36-storeys with more than 100 generously-sized apartments.

- M&C officially opened Millennium Hongqiao Hotel, Shanghai, its first hotel in China. The five-star hotel, located along Yan An Xi Road, has 369 rooms.



Left to right
Mr Hsieh Fu Hua, CEO of Singapore Exchange Limited (left) and CDL Executive Chairman Mr Kwek Leng Beng striking the gong to mark the commencement of trading of CDL Hospitality Trusts.

Minister for Defence Mr Teo Chee Hean, presented the prestigious Minister for Defence Award to CDL's Managing Director Mr Kwek Leng Joo.

CDL was presented the Friend of the Arts Award by MInister for Information, Communications and the Arts Dr Lee Boon Yang.

M&C's first hotel in China, Millennium Hongqiao Hotel Shanghai was unveiled.

- In recognition of CDL's support and contribution towards National Service activities in the Singapore Police Force and Singapore Civil Defence Force, it was accorded the MHA (Ministry of Home Affairs) Award for NSmen's Employers.

- The Singapore H.E.A.L.T.H. (Helping Employees Achieve Life-Time Health) Award 2006 – Gold Award was presented to CDL by Health Promotion Board in recognition for its commendable Workplace Health Programmes to encourage employees to lead healthy and vibrant lives.

- For its significant contribution to the promotion and development of the arts in Singapore, CDL was again presented the Friend of the Arts Award for the tenth consecutive year.

NOVEMBER

- CDL launched the hip and happening 175-unit condominium Tribeca by the waterfront. The exclusive freehold development boasts panoramic views of the Singapore River and the city. Enjoying popular demand, more than 75% has already been sold.

- In recognition of its firm commitment to active corporate citizenship over the years, CDL was conferred the prestigious Corporate Citizen Award by the National Volunteer & Philanthropy Centre. CDL is the first local-based company to win this prestigious award which has previously been accorded mainly to multi-national corporations.

- Republic Hotels & Resorts Limited, a wholly-owned M&C subsidiary, was awarded a hotel site at Mohamed Sultan Road/ Nanson Road for $45.8 million. The proposed hotel can be built up to 10 storeys with about 350 to 400 rooms.

- CDL was conferred the Workplace Safety and Health (WSH) Awards 2006 – Developer Award by the Ministry of Manpower, in recognition of its contribution in promoting Occupational Safety Health (OSH) practices at the work-sites and for assisting contractors to achieve WSH excellence. CDL has previously been accorded the award in 2003. To-date, it is the only private property developer to have received this honour.

- At the Annual Safety & Health Performance Award 2006, CDL's projects, Residences @ Evelyn and Parc Emily received a Gold Award each and Butterworth 33 received a Silver Award. Residences @ Evelyn, Parc Emily and City Square Residences also received the Occupational Safety & Health Best Practices Award for Safety Solutions.

DECEMBER

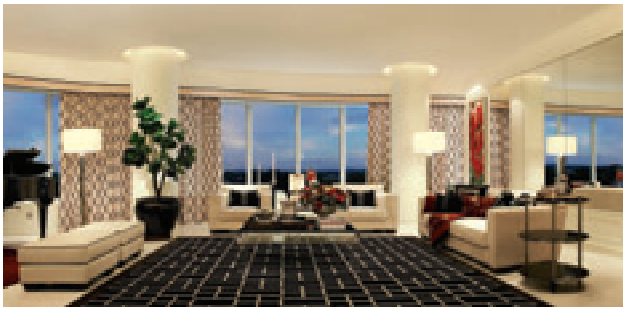
- Savannah CondoPark received a Gold Award (Implementation Projects – Residential Category) and Changi Rise Condominium a Merit Award (Maintenance Projects – Residential Category) at the LIAS (Landscape Industry Association Singapore) Awards of Excellence 2006.

- H-REIT's wholly-owned subsidiary, CDLHT (BVI) One Ltd, completed its purchase of Rendezvous Hotel Auckland, a prime freehold deluxe hotel in Auckland City, New Zealand, for about NZ$113 million.

- In support of the inaugural Singapore Garden Festival, Mr Kwek Leng Joo showcased a collection of his nature photo works. 12 of his works were auctioned, raising $80,000 for the Garden City Fund, which will finance programmes that are essential for the conservation and enhancement of the natural greenery in Singapore.

- CDL's Le Grove Serviced Apartments was voted the winner for Serviced Apartment Category in the HR Vendors of the Year by 466 senior HR managers from 462 organisations across all industries. The awards, organised by Human Resources (HR) Magazine, recognise the high value contributions of HR product and service providers to the HR profession in Singapore.

OPERATIONS REVIEW



A YEAR OF HIGHS FOR CDL

As Singapore's leading developer, CDL has reinforced its position by marking 2006 with an outstanding record of achievements.

Having anticipated the surge in demand for high-end, luxury properties and to capture the upswing in the property market, CDL swiftly responded to satisfy the desires of this affluent segment with all four launches this year targeting at the high-end market. The success of this astute strategy in capitalising on the niche market has reaped amazing results for the group.

Although CDL sold fewer homes this year, 1,337 units compared to 2,071 units in 2005, its sales value of $2.77 billion surpassed 2005's $1.66 billion – a staggering increase of 67%!

HIGH LIFE – REDEFINED

In yet another pioneering move, CDL kick started its launches in June this year by being the first developer to introduce Singapore's first branded residential property, St. Regis Residences. Redefining the concept of luxury in Singapore, residents will be able to luxuriate in a sanctuary that exemplifies quality, style and sophistication down to the smallest detail and the privilege of access to professional à la carte services from the adjoining world-class St. Regis Hotel (at a fee).

Causing a furore during the launch, media and buyers were invited to view the highly anticipated, elegantly-appointed Show Suite which was designed to perfection at a cost of $6 million, making it possibly the most expensive in Singapore. St. Regis Residences also created a sensation as it was the first to set a new benchmark price of over $3,000 per square foot.

Residences @ Evelyn which boasts the best views in the Newton vicinity was successfully launched shortly after. Response to this prime 208-unit freehold development was very positive and sales are progressing well with over 93% sold.

Hot on its heels was the launch of The Oceanfront @ Sentosa Cove in July, CDL's first imprint into Singapore's prized gated community, Sentosa Cove. Buyers were smitten by the charming waterfront lifestyle and the panoramic views of this resort-like project, built majestically at 15-storeys tall, the highest allowed at Sentosa Cove. Sited at the mouth of the marina, this exclusive 264-unit iconic waterfront marvel will capture the imagination of all who sail past. The Oceanfront @ Sentosa Cove was a phenomenal success having sold 90% within a week.

To top off the launches of the year, Tribeca by the waterfront, CDL's hip and chic freehold 30-storey development is poised to enliven the Singapore River. Located along Kim Seng Road, Tribeca is the perfect oasis for the discerning. With an enthusiastic response from buyers, about 75% has been sold.

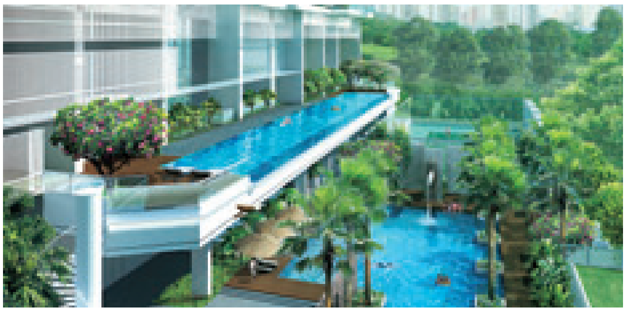
PAVING THE HIGH-WAY FOR THE FUTURE

As the proxy to the Singapore property market, CDL owns one of the most valuable land banks amongst private property developers in Singapore. However, it has kept a close watch to secure strategic opportunities to add further value to its land bank. Keeping steadfast to its strategy of paying a competitive deal for all its acquisitions, CDL has attained many solid purchases this year.

CDL's key acquisition in 2006 is no doubt the highly-coveted The Quayside Collection, which is the only commercial site providing both entertainment and leisure amenities at Sentosa Cove. It was awarded to CDL based not only on its offer price of $235.75 million but other factors including design and concept, tourism appeal as well as the strength of the prospective lessee and operator.

The Quayside Collection will feature a seven-storey, 320-room five-star waterfront hotel, a three-storey waterfront commercial and retail site and a six-storey condominium development comprising 223 apartments. The condominium is expected to be launched in 2007, and the entire development is estimated to be completed by mid-2009.

Strengthening its foothold in the luxury market, CDL, through its wholly owned subsidiary, Aston Properties Pte Ltd, purchased Lucky Tower for $383 million. A prime 169,189 square feet freehold site along Grange Road, it has the potential to be redeveloped into an upscale 24-storey condominium. Just a stone's throw away, Futura was also purchased for $287.3



Left to right
St. Regis Residences, Singapore's first branded residences, the pinnacle of luxury and refinement.

Live the high life at The Oceanfront @ Sentosa Cove, the ultimate waterfront living paradise.

Enjoy panoramic views of the Singapore River at the trendy Tribeca.

million. This 87,034 square feet freehold site can be developed up to 36 storeys with more than 100 large-sized apartments.

Another well-located site comprising Lock Cho Apartment, Comfort Mansion and a four-storey walk-up apartment development in the Thomson Road vicinity was also purchased for $156.3 million in March 2006. CDL hopes to amalgamate the site with an adjoining state land, enlarging the site to an impressive 179,828 square feet. With a permissible height of 36 storeys, this freehold development is estimated to contain about 380 to 400 apartments.

In line with CDL's policy to replenish its land bank, its four strategic land acquisitions amount to over $1 billion with a gross floor area of more than 1.8 million square feet.

To add to its land bank, in February 2007, CDL also made a successful bid for The Albany, a prime residential freehold site in district 11 for $65 million. The Albany site is approximately 41,688 square feet with the possible purchase of an adjoining state land plot of 15,177 square feet. It is just next to the sites purchased in March 2006. CDL also purchased the freehold Concorde Residences which is 34,092 square feet in size. With these two additional sites along Thomson Road, CDL has certainly strengthened its presence in the vicinity.

HIGH REIT SOLUTIONS

CDL Hospitality Trusts (CDLHT) was successfully listed on the main board of the Singapore Exchange on 19 July 2006. CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT) and CDL Hospitality Business Trust.

H-REIT is the first hotel real estate investment trust in Asia (excluding Japan), established with the principal investment strategy of investing in a portfolio of hospitality and hospitality related real estate assets. It started with an initial focus on Asia and Australasia, leveraging on the strengths of its sponsor, Millennium & Copthorne Hotels plc (M&C).

Currently, H-REIT's portfolio comprises Orchard Hotel and Orchard Hotel Shopping Arcade, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel, all based in Singapore, as well as Rendezvous Hotel Auckland in New Zealand.

Its sterling performance this year has led to a 100% increase from its IPO price of $0.83 to $1.67 at the end of the year.

CREATING HIGH VALUES OF HOSPITALITY EXCELLENCE

M&C has delivered the highest level of profits since its listing in 1996. It has performed well with an 8.6% increase in revenue to £646.3 million with headline operating profit up 15.4% to £124.7 million.

The sale of long leasehold interests in three Singapore hotels has demonstrated M&C's astute ability to not only unlock shareholder value but to create and use an appropriate platform to accelerate future portfolio growth.

M&C signed on nine management contracts in 2006 taking the total number of rooms signed since 2004 to just under 4,000 and the total number of management contracts to 21. M&C's first foothold in China, the Millennium Hongqiao Hotel Shanghai, opened its doors in October. Located along Yan An Xi Road, the premium five-star hotel has 369 rooms catering to all the needs of the world class traveller. M&C also announced in May that its second hotel in China, the 520-room Millennium Beijing, is slated to open as early as April 2008.

In Singapore, M&C strengthened its presence in having successfully bid for a hotel site along the trendy Mohamed Sultan Road and Nanson Road for $45.8 million through Republic Hotels & Resorts Limited, a wholly owned M&C subsidiary. The site has the potential to be developed into a 10-storey hotel with about 350 to 400 rooms.

With its strong balance sheet, the flexibility created through the hospitality REIT platform and with a new management team under the leadership of its new Group Chief Executive Officer, Mr Peter Papas, M&C is in an advantageous and enviable position to seize opportunities and is well-placed for its next phase of growth.

Note: Information as at 28 February 2007

CORPORATE SOCIAL RESPONSIBILITY REPORT

SETTING OUT OUR COMMITMENT

On behalf of the Board, I am pleased to present CDL's report on Corporate Social Responsibility (CSR), which shares our commitment to our stakeholders and reviews our environmental and social performance for 2006.

RISK MANAGEMENT

CDL has a formal risk management framework, established since 2002, that enables significant business risks within the Company's property investment, development and management arm to be identified, assessed, evaluated, monitored and managed. These business risks are reviewed regularly by the Board. For the first time, we have provided a dedicated report detailing the Company's risk assessment and management for the year under review as set out on pages 44 and 45.

To instill a culture of business integrity and ethical values, management and staff are required to comply with the Company's Code of Business and Ethical Conduct, which forbids bribery, fraud and misappropriation of corporate funds, assets or confidential information. We have recently implemented a whistle-blowing policy where employees are encouraged to raise their concerns over possible improprieties relating to accounting, financial reporting, internal controls and auditing matters. Anyone with such concerns may choose to remain anonymous and raise it to the Audit Committee, who will ensure that the issue is investigated and resolved. The Company provides awareness training on its policy in whistle-blowing and procedures for all employees.

OPEN COMMUNICATION WITH OUR INVESTORS

CDL continued to promote corporate transparency and communication avenues with the investing community – providing timely disclosure on the Group's quarterly financial performance and briefings to analysts, fund managers and the media on the Group's half-year and full-year results. For the first time last year, we gave a presentation to our shareholders during the Annual General Meeting to update them on our corporate activities, business strategies and directions. We intend to continue with this practice in future Annual General Meetings. Top management also held frequent meetings with analysts and fund managers and participated in investor conferences, to address queries on the Group's performance and prospects.

ENVIRONMENTAL PERFORMANCE

Operating Responsibly for a Safe and Green Environment

CDL has been vigilant about developing properties for a safe, green and healthy lifestyle. Our Environmental Health and Safety (EHS) management programme which includes independent audits, helps us to monitor safety aspects of our operations as well as the impact of our operations on the environment using the 5-star Assessment System quarterly audits.

Safety at the worksites has always been a top priority in our EHS policy. While safety can never be guaranteed, we continually put in safeguards at the worksites to mitigate the risk. In line with the corporate whistle-blowing policy, we provide hotline numbers at our construction sites to facilitate the reporting of worksite infringements. Towards this, CDL was the only private property developer to receive the Developer Award at the Ministry of Manpower (MOM) Workplace Safety and Health Awards (WSH) 2006. This honour is conferred to developers who actively contribute to promoting occupational safety and health practices at the worksites and for its effective management system and processes. Apart from the Developer Award, CDL's developments also clinched six WSH awards given out by MOM.

For its exemplary efforts, CDL was the only Singapore company to receive the international Gold Award at the RoSPA Occupational Health and Safety Awards of the UK, the world's leading health and safety professional examining body. CDL received the Silver Award in 2005.

In adopting safe and green practices, our developments continue to receive prestigious industry awards such as the Building and Construction Authority Green Mark Gold and Green Mark Gold^{PLUS} for developing environmentally-friendly buildings as well as the International Federation of Landscape Architects Award (IFLA) for Landscape Architecture for the design, conservation and management of the environment. Our residential properties, namely Savannah CondoPark, The Esparis and Monterey Park were among the finalists in the "Excel-

Left to right
CDL was recognised for its strong corporate culture of giving and was presented with the coveted Corporate Citizen Award by Mr Abdullah Tarmugi, Speaker of Parliament, at the Awards Ceremony.

At CDL's 5-Star Environment, Health & Safety Award Presentation, exemplary contractors with consistently high 5-star audit scores were conferred the award.

CSC staff volunteers celebrated Christmas with children from Assisi Home & Hospice with a host of activities including the Duck Tour!

lence in Design Awards 2006" by the US-publication Environmental Design + Construction Magazine.

INFLUENCING THE COMMUNITY

As a green property developer, we lead the way to influence our stakeholders, which include architects, engineers and contractors, to adopt best practices at the worksites. This means constantly innovating and introducing eco-friendly design features and construction methodologies to enhance safety and also minimise environmental impact.

We ensure that our contractors and suppliers share the same level of commitment and standards in EHS performance. Through rigorous and stringent independent audits known as the CDL 5-Star Assessment System held every quarter of the year, CDL continually pushes for improvements in EHS standards at its developments. The Company conducts training and facilitates information sharing and peer learning to encourage better EHS performances for the next review. CDL also set up an EHS Excellence Award to recognise and reward exemplary contractors with consistently high 5-Star audit scores over a one-year period. Since the establishment of this scheme in 2005, five of our contractors have received the award for their efforts in promoting high standards of quality and safety in our developments. I am pleased to report that two of the contractors have clinched the only two Gold Awards given to the construction industry at the national Annual Safety and Health Performance Awards. Our influence and commitment on raising EHS standards have motivated our consultants to set up their very own EHS Management System. To-date, more than 50% of them have obtained ISO 14001 and OHSAS 18001 certification.

CDL continues its support for Project Eco-Office, an outreach programme with the Singapore Environment Council to encourage more companies to go green. Among its programmes is the On-Line Eco-Office Rating System to help offices perform a self-audit based on their corporate environmental policies and management systems. Offices that rate well will undergo an on-site audit check and can apply for the coveted Green Office Label. CDL was among the pioneer four organisations in Singapore to secure the green office certification in 2005 which included government agencies like National Environment Agency and Ministry of Environment, Water and Resources. In 2006, another four more organisations were welcomed into the Green Office Label circle, including the British High Commission to serve as role models to champion the work green movement.

We have established a complimentary and permanent recycling scheme to encourage tenants and homeowners to recycle waste. 16 commercial developments and over 2,000 households are participating in this programme. Average tenant participation was 88%, an increase of 20% from 2005. We expect to reach out to a further 228 households by end 2007 with the completion of two new developments. As one of the good practices in maintaining operational efficiency of our major commercial buildings, we monitor and review the monthly energy and water consumption of both landlord and tenants. We highlight to tenants any abnormal consumption trends and work closely with them to improve their consumption efficiency.

SOCIAL PERFORMANCE

Enriching the Workplace

CDL has various policies and practices in place to help create a conducive work environment for our employees. We welcome diverse people in terms of background, age and religion and offer an environment for employees to feel included as part of the organisation. We provide opportunities for learning and self-development and continually seek ways to advance worklife harmony for a motivated and engaged workforce. More information can be obtained in our Human Resource Review on page 43.

A HEART FOR THE COMMUNITY

Giving back to the community has always been a key guiding principle at CDL. We contribute actively and widely to various causes for the environment, the arts, youth development and the less fortunate.

Caring for the Environment

CDL has been supporting on-going Green projects such as the Green Partnership Programme with the Singapore Environment Council, Nature Society's official publication "Nature Watch", as well as the China Exploration & Research Society in its exploration, research and conservation activities.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Left to right
City Square Residences, one of the two CDL projects awarded a Green Mark Gold^{PLUS} by BCA.

The Reed Sculpture by Peter Chen, the winner of the inaugural CDL Singapore Sculpture Award, was unveiled. It is located along the Singapore River, next to The Pier at Robertson.

Our "Beauty of Nature" corporate calendar series, which celebrated its tenth year, highlighted the importance of environmental conservation. The calendars, distributed to business associates and employees, serve as a daily reminder that nature and its inhabitants are ours to protect. In celebration of the inaugural Singapore Garden Festival, I was glad to have contributed 12 photographs from my photo exhibition on nature for an auction. It raised $80,000 for the Garden City Fund which finances programmes such as conservation, outreach, education, research and infrastructure that facilitate the continued growth and development of the nation as a Garden City.

Promoting Art and Culture

In promoting the appreciation of arts, we are pleased to report that the winning work of the inaugural CDL Singapore Sculpture Award was produced and installed along the Singapore River, next to The Pier at Robertson, as a full-sized sculpture for the public to enjoy and appreciate. Our commitment to present and maintain this sculpture as a public art was made in conjunction with the National Heritage Board's Public Art Tax Incentive Scheme. We will be commissioning the winning sculpture of the 2nd Award for the upcoming urban park at CDL's City Square Mall.

CDL co-sponsored the Modern Art Society's 21st Asian International Art Exhibition which promoted Asian identity through the arts and showcased more than 178 paintings, sculptures, digital photographs and video works by significant artists in 13 Asian countries and regions.

Nurturing the Young

The future belongs to the youth of today. Hence, youth development is an area of keen interest. We continue to invest and enrich the lives of young Singaporeans. Last year, we continued our long-standing support for the good work by National Youth Achievement Award (NYAA) Council. We also supported the Boy's Brigade's "BB Cares" programme which inculcates community service and volunteerism among the youth. We initiated the CDL Young Architectural Photographer Award to inspire young photographers to further develop their skills and talent in the area of architectural photography. To be held biennially, this award provides our youth with the opportunity to showcase their talent and to further develop their skill sets and interest.

Improving the Lives of the Less Fortunate

In addition to monetary contributions, we offer our time and talent to create effective and sustainable programmes for our community partners. Through our employee volunteer programme, City Sunshine Club, we facilitated and encouraged employees and their families to volunteer their time to improve the lives of the community. Our programmes included visiting and befriending the lonely elderly, mentoring children-at-risk of delinquency, and organising festive and social outings for the less fortunate.

As a long time supporter of Assisi Hospice, we celebrated the year-end festivities with the patients in a meaningful and heartwarming way. Our staff volunteers rolled out fun-filled activities and excursions for the children as well as decked the Hospice with handmade Christmas decorations assiduously designed and created during their personal time. We also enlisted the help of our contractor and paint supplier in a joint community effort to brighten up the Hospice's day centre with a fresh coat of paint.

The strong corporate culture of giving, coupled with the active involvement of our people in community work over the years, has helped the Company achieve the coveted Corporate Citizen Award, conferred by the National Volunteer & Philanthropy Centre in 2006. We are very honoured and encouraged by this recognition, as CDL was the first local-based company to win this pinnacle community award which has mainly been awarded to multi-national corporations.

I hope this CSR report will provide a clear picture of what we do. As our CSR journey continues, we intend to refine and improve on our programmes to strengthen relationships with our community partners and reinforce business sustainability.

KWEK LENG JOO
Managing Director

HUMAN RESOURCE REVIEW

CDL's Annual Staff Day is a fantastic platform for staff to interact with each other and bond through fun-filled team building games such as the "Best Dressed Team Competition". Managing Director Mr Kwek Leng Joo shares a jubilant moment with the winning team on the Staff Day 2006.

STRATEGICALLY ENHANCING EMPLOYEE VALUE

Recognising that human capital is its key asset, CDL is committed to hire the best talent; develop capabilities; reward for best performance; and encourage employees to adopt a healthy lifestyle and work-life balance.

CULTIVATING TALENT AND SKILL

CDL employees are given opportunities for self development and improvement through sponsorship of part-time post-graduate and diploma programmes. We constantly seek to nurture our people through continual self development with strong emphasis on training and development. Several people management skills workshops centred on teambuilding, leadership and communication relationship management were held to equip staff with the right knowledge and skill sets to operate effectively. Functional skills training courses in areas of financial and information systems were also conducted.

In line with the Company's CSR initiatives towards youth development, CDL also actively supports the Scholarships Programmes and students' industrial attachment from the polytechnics and universities. Through such initiatives, we hope to inspire and nurture the younger generation to join the industry.

OPEN COMMUNICATION AND TEAM BONDING CULTURE

The CDL senior management is committed to facilitate employee communications which helps to break barriers and build bonds. The Managing Director and senior management team holds staff dialogue sessions with new employees regularly. There is also an orientation programme to familiarise them with CDL's vision, mission, corporate culture and key operations.

CDL continues to seek innovative ways to improve employee communication as well as staff bonding and team work. Staff Connect @ CDL, a task force made up of staff representatives across various departments, organises activities aimed at reinforcing staff's sense of belonging and team spirit. This includes the exciting "Annual Staff Day", which saw the enthusiastic participation of staff as well as the set up of a comfortable recreational lounge for employees which has been well-utilised as a venue for lunch-time self-improvement and social activities.

QUALITY WORK-LIFE; HEALTHY FAMILY-LIFE

CDL recognises that work-life harmony creates a quality, motivated and dedicated workforce. Last year, a training programme was arranged for all line managers and supervisors to learn how to effectively manage their teams' work-life issues. Various family-friendly policies had been put in place to help employees balance their workload with other demands in their life. These include flexible work options, maternity, paternity and childcare leave. In 2006, a nursing room for mothers was set up at its headquarters. We also negotiated with childcare service providers within the workplace vicinity to provide attractive rates for employees. We also offer financial assistance schemes and even discounted membership rates for fitness centres.

We have a dedicated worklife committee to plan and execute family-friendly and health-related policies and programmes which include free weekly aerobics classes, monthly fruity day, health and family talks, family day trips, annual health screening for staff and their families. An annual health and lifestyle survey is conducted to find out employees' worklife needs. Programmes and policies are planned to meet the needs arising from such surveys. For our consistent efforts CDL was awarded "The Singapore Health Award" (Gold) for two consecutive years, 2005 and 2006.

As a firm advocate for National Service (NS) activities, CDL has various schemes in place to recognise NSmen's contributions. For example, the dollar-for-dollar matching of the SAF monetary reward when they perform well in their IPPT and even a full day's leave on the day of their IPPT. To encourage NSmen employees to sign up as SAFRA members, CDL subsidises 50% of the Annual Membership fee. In recognition for our consistent and unequivocal support to national defence, CDL was presented the prestigious "Minister for Defence Award", the highest accolade accorded to employers at the Total Defence Awards Ceremony in 2006. In addition, we have been awarded the MHA Award for NSmen's Employers from 2003 to 2006 for our support and contribution towards National Service activities in the Singapore Police Force and Singapore Civil Defence Force.

RISK ASSESSMENT AND MANAGEMENT

A formal risk management framework was established in 2002 to enable significant business risks within the Company's property investment, development and management arm to be identified, assessed, evaluated, monitored and managed. The framework provides for a structured process for management to conduct risk assessments and evaluations; consider the adoption of adequate and cost-effective system of internal controls to mitigate significant business risks; and manage these risks through regular reviews. During the year under review, the Company engaged a firm of independent consultants to review its existing risk management framework as part of the Company's commitment to continually enhance its risk management policies and processes.

OPERATING RISKS

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

INVESTMENT AND PORTFOLIO RISKS

Risk evaluation forms an integral aspect of the Company's investment strategy. Balancing risk and return across asset types and geographic regions are primary considerations to achieve continued corporate profitability and portfolio growth. This risk assessment includes macro and project specific risks analysis encompassing rigorous due diligence, financial modeling and sensitivity analysis on key investment assumptions and variables. Each investment proposal is objectively evaluated to fit the corporate strategy. 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.

TREASURY & FINANCIAL RISKS

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

Credit Risk – The management has a credit policy in place and the Group's 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.

Liquidity Risk – The management monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation 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 management uses interest rate derivatives to hedge the Group's interest rate exposure for specific underlying debt obligations.

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

HUMAN RESOURCE RISKS

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

CRISIS RISKS

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, the management has put in place a business continuity plan to mitigate the risks of interruption and catastrophic loss to its operations and information database arising from such potential threats. The business continuity plan includes identification of alternate recovery centers, and the establishment of clear operational procedures to enable communication, continuity of critical business functions and recovery of database in the event of a crisis incident. Periodic incident management drills are conducted to familiarise employees with the emergency response and crisis management plans of the Company. The maintenance of adequate insurance coverage for the Group'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 Group's control processes for the protection of its assets.

HOTEL OPERATIONS RISKS

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

The Audit Committee has reviewed the Group's risk management processes and procedures and is satisfied that there are adequate internal controls in place to manage the significant risks identified.

SINGAPORE MARKET REVIEW

RESIDENTIAL

The residential market performed well in 2006 with greater price increases and a surge in sales activity compared to 2005. The Urban Redevelopment Authority's (URA) real estate statistics show that in 2006, prices of private residential properties increased by 10.2%, compared with the 3.9% increase in 2005. The increase in prices was led by private apartments in the prime districts of Districts 9, 10, 11, Downtown Core and Sentosa Cove which increased by 17% y-o-y. Private apartments within the rest of central region and outside the central region rose 3% and 4.2% y-o-y respectively. Developers sold a total of 11,147 uncompleted and completed units in 2006 compared to 8,955 units in 2005.

The recovery in the Singapore residential market was led by the luxury and high-end projects in the traditional prime districts (9-11) and the central districts (1-4). Price increase was significant in new residential hotspots such as Sentosa Cove, Marina Bay and the traditional Central Business District. Among the foreign homebuyers, nationals from UK, USA, Hong Kong, Indonesia, Korea and Australia were found to be more active in the high-end market as compared to the rest of the island. The mid-end sector has also risen in price, with several sellout projects.

Demand for residential property is expected to remain strong in 2007 given the forecast of almost full employment, strong economic growth across the various sectors, low interest rate environment, and a remaking of Singapore economy to broaden the growth engines. New supply is not expected to be large as enbloc sites sold will deplete existing units which will absorb new launches. So far enbloc sites sold in the last 2 years will supply approximately 8,000-9,000 units.

OFFICE

An improvement in business conditions amidst a supply crunch led to a strong recovery for both office rents and prices. Based on URA's real estate statistics, prices of office space increased by 17% and rentals rose 30.3% for the year 2006. New completions such as One Raffles Quay and Parakou Building contributed to approximately 1.4 million square feet of office space. Driven by continued demand from the financial and professional services sectors, prime rents have breached the last peak of $8.15 per square foot per month in 2001 and rose 62.7% y-o-y to $9.60 per square foot per month, according to data provided by Jones Lang LaSalle. Current average rent for Prime Grade A space is only 7.7% and 13.9% away from the 1996 and 1991 peaks respectively. Current average price for Prime Grade A space also rose by a significant 66.7% y-o-y to $1,700 per square foot. Property consultants predict annual demand will range from 2 to 2.5 million square feet compared with the limited supply till 2011 and beyond.

RETAIL

The year 2006 saw an influx of new quality space in the retail sector that has predominantly enjoyed high occupancy levels of approximately 95%. Total new completions for the year amounted to 1.77 million square feet, the highest in the decade. Take-up for the entire year is approximately 1.4 million square feet. While this was largely due to the completion of VivoCity (1.1 million square feet), several niche malls also added excitement to the retail market such as Velocity @ Novena Square (70,000 square feet). Current average rent for Prime Grade A retail space is $39.50 psf per month, a 4.6% increase compared to a year ago.

Shoppers will continue to be provided with greater choice as another 1 million square feet of retail space is expected to be completed in 2007. These include AMK Hub (200,000 square feet), Square 2 (135,000 square feet), Central (210,000 square feet) and Pasir Ris Entertainment Centre (160,000 square feet).

HOTEL

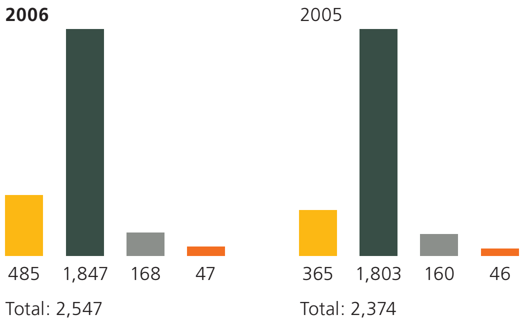
The Singapore Tourism Board (STB) announced that the tourism sector generated an estimated $12.4 billion in tourism receipts in 2006, exceeding the target of $12 billion and posting a double digit growth of 14.5% over 2005. This is a new record for the tourism sector. Singapore also set a new high of 9.7 million visitor arrivals in 2006, exceeding its target of 9.4 million and posting an increase of 9% over 2005. According to STB projections, tourism arrivals are expected to hit 17 million by 2015.

A combination of tight supply and buoyant demand drove up occupancy rates towards 84% and allowed hotel operators to raise their average room rates to $164 compared to $136 in 2005.

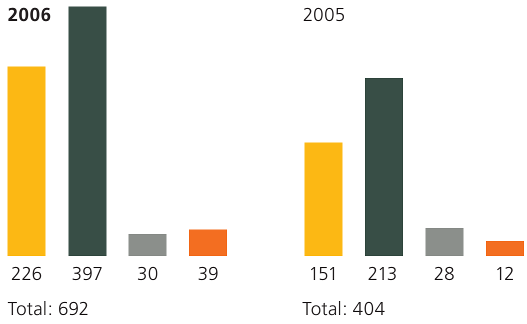
FINANCIAL REVIEW

- Property Development
- Hotel Operations
- Rental Properties
- Others

REVENUE BY ACTIVITY
$million



PROFIT BEFORE INCOME TAX (*) BY ACTIVITY
$million



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

PROPERTY DEVELOPMENT

Revenue increased to $485 million (2005: $365 million) and pre-tax profit increased by $75 million to $226 million (2005: $151 million).

The increase in revenue is mainly attributable to contributions from City Square Residences, Residences @ Evelyn, The Imperial and sale of apartments in Sydney. In accordance to the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from The Sail @ Marina Bay, Parc Emily, St. Regis Residences and Edelweiss Park has not been consolidated into the Group's total revenue, the Group's share of profits arising from these joint venture developments has been included in pre-tax profit.

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

HOTEL OPERATIONS

Revenue improved by $44 million (or 2.4%) to $1,847 million (2005: $1,803 million). The increase in revenue is mainly due to improvement in the Group's RevPAR which increased by 8.1% during the year, with particularly strong performances in the United States and Asia.

Pre-tax profit soared to $397 million (2005: $213 million). The increase in pre-tax profit resulted from improvement in RevPAR, the gain of $150.9 million recognised on sale of the 75-year lease each in Grand Copthorne Waterfront Hotel, Orchard Hotel (including Orchard Hotel Shopping Arcade) and M Hotel, and the remaining 61 years of 99-year leasehold interest in Copthorne King's Hotel to CDL Hospitality Trusts in 2006 and the receipt of business interruption insurance proceeds from insurance broker of $15.9 million in respect of the Millenium Hilton New York. This increase would have been higher if not for the profit of £12.8 million (approximately $39.8 million) from the settlement of Millenium Hilton insurance dispute in 2005.

RENTAL PROPERTIES

Revenue increased by $8 million to $168 million (2005: $160 million) mainly due to higher carpark income generated and improved average occupancy.

In line with the improvement in revenue, pre-tax profit increased to $30 million (2005: $28 million). CDL Hospitality Trusts, in which the Company's 53% subsidiary, Millennium & Copthorne Hotels plc, has a 39% interest, has also contributed additional profit to this segment. The increase would be higher if not for the recognition of gain from the disposal of MyeongDong Central Building in Seoul, held by a jointly-controlled entity in which the Group has a 50% interest and disposal of units in Tanglin Shopping Centre in 2005.

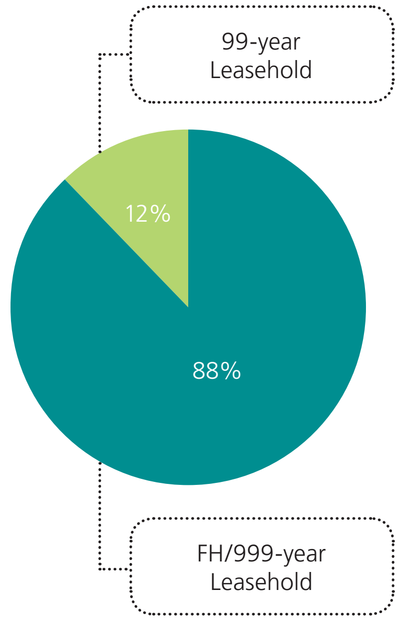
OTHERS

Revenue, comprising mainly income from hotel management, building maintenance contracts, project management, club operations and dividend income, has improved to $47 million (2005: $46 million).

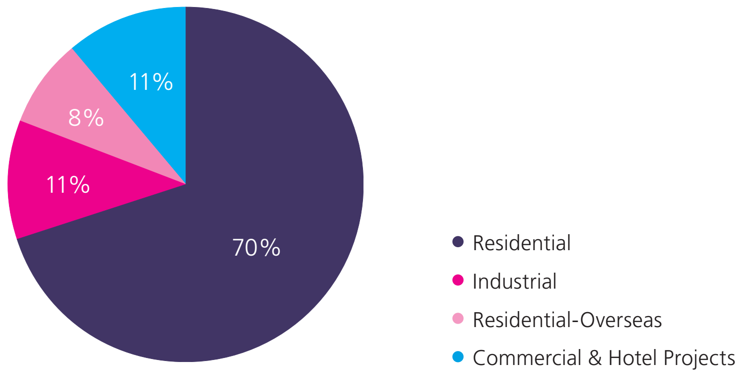
Pre-tax profit for this segment increased by $27 million to $39 million (2005: $12 million). The increase resulted from higher unrealised gain on equities held for trading, exchange gain on foreign currency denominated deposits and securities and higher management fee income.

PROPERTY PORTFOLIO ANALYSIS
Land Bank as at 1 January 2007

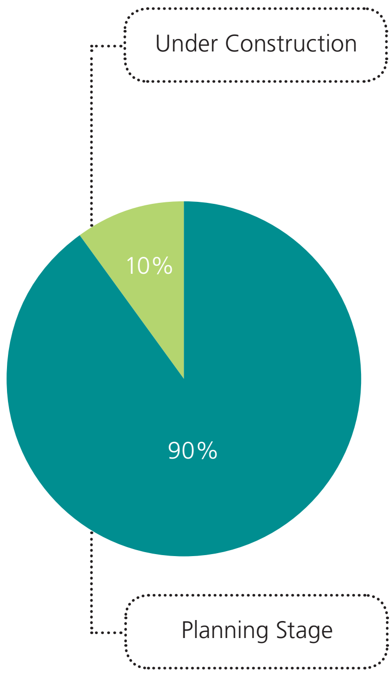
ANALYSIS BY TENURE
Total: 4.2 million square feet

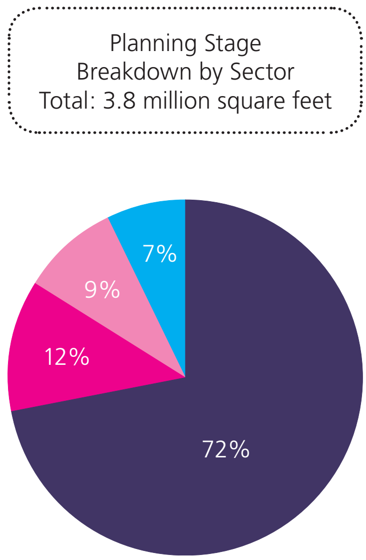


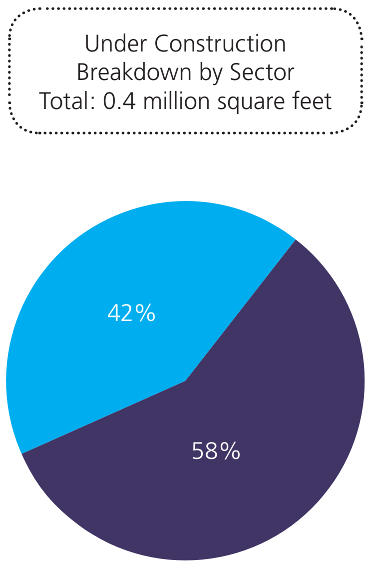
ANALYSIS BY SECTOR
Total: 4.2 million square feet



ANALYSIS BY DEVELOPMENT STAGE
Total: 4.2 million square feet

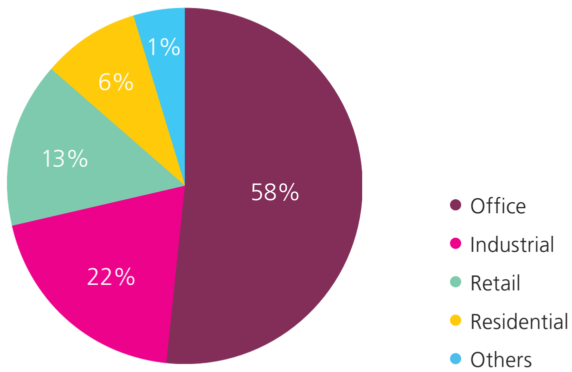




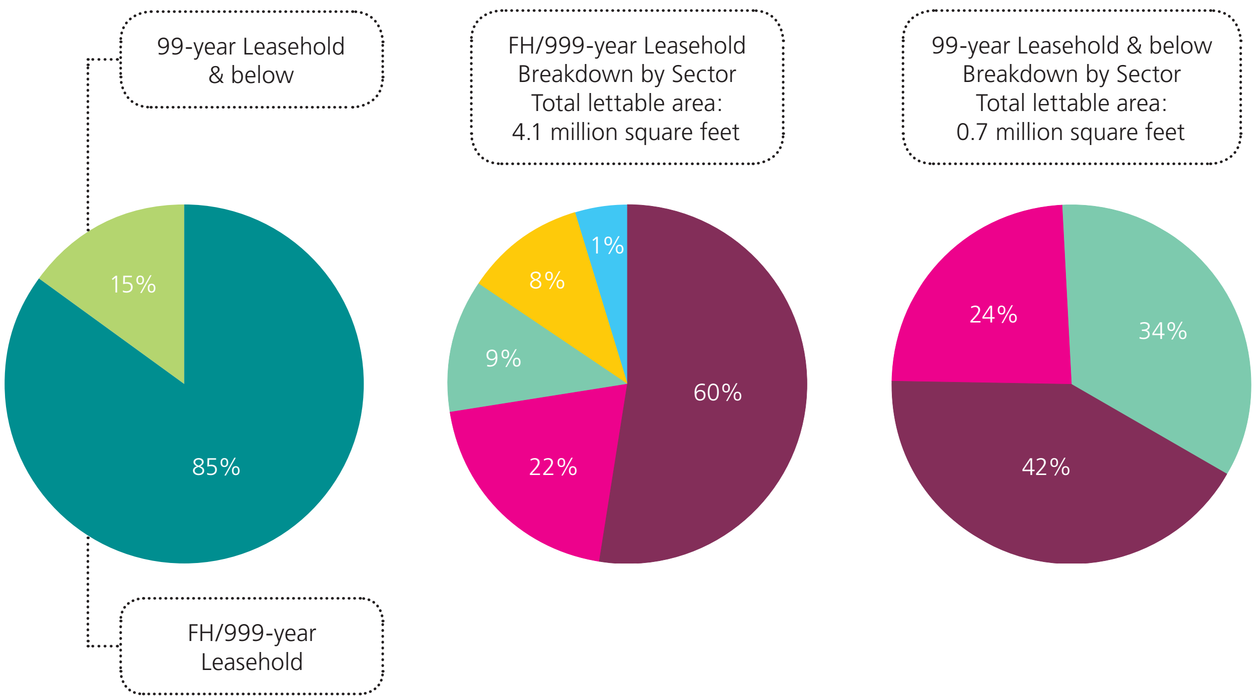


PROPERTY PORTFOLIO ANALYSIS
Investment Properties as at 1 January 2007

ANALYSIS BY SECTOR
Total: lettable 4.8 million square feet



ANALYSIS BY TENURE
Total lettable: 4.8 million square feet



MAJOR PROPERTIES

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/ STRATA AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
Republic Plaza the flagship of CDL, is a 66-storey state-of-the-art intelligent office tower at Raffles Place, in the heart of Singapore's financial district.	999-year lease	6,765	73,103	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99-year lease wef 15.05.1993	4,806	5,078	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road / Magazine Road.	Freehold	2,828	12,226	100
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road.	999-year lease	39,798	56,042	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
Fuji Xerox Towers is a part 15-storey/part 38-storey commercial office building situated at the intersection of Anson Road, Keppel Road, Tanjong Pagar Road and Bernam Street, near the western fringe of the Central Business District.	Freehold	5,394	33,126	100
Plaza-By-The-Park is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,469	100
Chinatown Point is a 25-storey commercial complex comprising two 5-storey shopping podium blocks, a 20-storey office tower and two basement levels. It is located at New Bridge Road in Chinatown.	99-year lease wef 12.11.1980	9,206	16,898	100
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	3,175	9,785	100
GB Building is a 28-storey office building located at 143 Cecil Street.	99-year lease wef 12.10.1982	2,583	7,650	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road.	Freehold	1,882	6,253	100
Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road.	Freehold	14,152	9,597	100
Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane.	Freehold	5,478	12,489	100
Pantech 21 is a computer centre located at Pandan Loop.	99-year lease wef 27.01.1984	6,900	12,916	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,841	100
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road within the Orchard Road tourist district. The Group also owns 325 carpark lots.	Freehold	6,365	6,285	53

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/ STRATA AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District.	999-year lease	2,035	4,411	100
Commerce Point is a 19-storey office building located at Phillip Street, close to Raffles Place.	999-year lease	776	7,660	100
Katong Shopping Centre is a 7-storey shopping-cum-office complex situated along Mountbatten Road. The Group also owns 323 carpark lots.	Freehold	8,167	8,280	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	7,418	12,066	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, next to the Singapore River.	99-year lease wef 09.02.1984	5,186	8,341	100
Grand Copthorne Waterfront is a 30-storey, 539-room hotel-cum-retail waterfront development located at Havelock/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)	10,860	2,835 (Retail) 46,169 (Hotel)	100
The Corporate Office is a 21-storey office building situated at the junction of Robinson Road and McCallum Street, within the Central Business District.	Freehold	1,490	10,180	99
SERVICED APARTMENTS				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	8,012	8,921	100
OVERSEAS PROPERTIES				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,396	100
Millennium Hilton Bangkok is a 32-storey 542-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,345	16.67
Exchange Tower is a 42-storey retail-cum-office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand.	Freehold	6,464	40,981	39
The Biltmore Court & Tower is situated at 500/520 South Grand Avenue, Los Angeles, CA 90071. Comprising the Court which has 21,257 square metres Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,116 square metres of class "A" office space. The Tower also has 299 car park spaces.	Freehold	4,798	25,423	53

MAJOR PROPERTIES
for development and/or resale

DESCRIPTION & LOCATION	SITE AREA (SQ. METRES)	TENURE	EFFECTIVE GROUP INTEREST (%)
RESIDENTIAL			
Buckley Mansion	4,097	Freehold	100
9 Buckley Road	2,250	Freehold	100
Garden Hotel	9,493	Freehold	100
Jalan Kolam Ayer, JB, Malaysia	24,739	Freehold	100
Jalan Waspada, JB, Malaysia	6,368	Freehold	100
Kim Lin Mansion	12,858	Freehold	100
Pasir Ris Drive 1/8	195,025	999 years	51
12, 14 & 16 Shelford Road	7,113	Freehold	100
The Quayside Collection, Sentosa Cove	23,263	99 years	100
15, 19 & 21 Swiss Club Road	19,842	Freehold	100
Tampines Road/Upper Changi Road North	83,476	Freehold	33
Wilkie/Upper Wilkie Road	2,888	Freehold	100
Concorde Residences	3,167	Freehold	100
The Albany	3,873	Freehold	100
Lock Cho Apartment & Adjoining Developments	16,706	Freehold	100
Lucky Tower	15,718	Freehold	100
Futura	8,086	Freehold	50
INDUSTRIAL DEVELOPMENT			
Jalan Lam Huat	15,564	Freehold	100
100F Pasir Panjang Road	2,900	Freehold	100
100G Pasir Panjang Road	11,219	Freehold	99
421 Tagore Avenue	13,314	Freehold	100
COMMERCIAL/HOTEL			
The Quayside Collection, Sentosa Cove	25,348	99 years	100

MAJOR PROPERTIES
in the course of development

DESCRIPTION	LOCATION	SITE AREA (SQ. METRES)	GROSS FLOOR AREA (SQ. METRES)	TENURE	EFFECTIVE GROUP INTEREST (%)	APPROXIMATE PERCENTAGE COMPLETION (%)	EXPECTED COMPLETION DATE
RESIDENTIAL DEVELOPMENT							
Residences @ Evelyn	Evelyn Road	10,824	32,445	Freehold	50	90	2007
Parc Emily	Mount Emily Road/ Niven Road	11,978	25,154	Freehold	50	43	2008
Botannia	West Coast Park	37,847	60,555	956 years	50	*	2009
City Square Residences	Kitchener Road/ Serangoon Road/ Jalan Besar	22,379	100,484	Freehold	100	23.8	2009
Ferraria Park Condominium	Upper Floral Drive	38,713	54,698	Freehold	33	*	2009
The Sail @ Marina Bay	Marina Boulevard	9,091	118,182	99 years	50	32	2009
Tribeca	Havelock Road/ Kim Seng Road	5,485	22,413	Freehold	100	*	2009
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	37,352	Freehold	40	*	2010
The Oceanfront @ Sentosa Cove	Sentosa Cove	18,316	45,789	99 years	50	*	2010
The Solitaire	Balmoral Park/ Stevens Road	6,570	10,512	Freehold	100	*	2010
One Shenton	Shenton Way	3,875	47,644	99 years	100	*	2011
Oseania Resort	Ancol, Jakarta	22,698	70,435	Leasehold	30	*	–
COMMERCIAL DEVELOPMENT							
City Square Mall	Kitchener Road/ Serangoon Road/ Jalan Besar	14,920	65,642	Freehold	100	*	2009
MIXED DEVELOPMENT							
St. Regis Hotel & Residences, Singapore	Tanglin Road/ Tomlinson Road/ Cuscaden Road	16,693	30,844 (Hotel) 46,275 (Residences)	999 years	33	46 (Hotel) 28 (Residences)	2007 2008

* work less than 10% completed

MAJOR PROPERTIES

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
ASIA				
Hotel Nikko Hong Kong 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further term of 75 years	2,850	463	25
JW Marriott Hotel, Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and option to renew for a further term of 75 years	10,690	602	13
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively	7,296	390	42
The Heritage Hotel Manila Roxas Boulevard at cnr of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	448	34
Copthorne Orchid Penang Tanjong Bungah, 11200 Penang, Malaysia	Freehold	10,329	318	53
The Regent Kuala Lumpur 160 Jalan Bukit Bintang, Kuala Lumpur, Malaysia	Freehold	7,899	461	53
Grand Copthorne Waterfront Hotel Singapore### 392 Havelock Road, Singapore	20-year lease commencing 19.07.2006 and extendable up to 75 years	10,860	539	100
M Hotel Singapore# 81 Anson Road, Singapore	Freehold reversionary interest and a 20-year lease commencing 19.07.2006 and extendable up to 75 years	2,134	413	53
Copthorne King's Hotel Singapore## 403 Havelock Road, Singapore	20-year lease commencing 19.07.2006 and extendable up to 61 years	5,637	310	53
Copthorne Orchid Hotel Singapore 214 Dunearn Road, Singapore	Freehold	16,629	440	53
Orchard Hotel, Singapore# 442 Orchard Road, Singapore	Freehold reversionary interest and a 20-year lease commencing 19.07.2006 and extendable up to 75 years	8,588	653	53
Republic Iconic Hotel Mohamed Sultan Road/Nanson Road (expected year of opening is 2008)	99-year lease commencing Feb 2007	2,932	300	53
Millennium Seoul Hilton 395 Namdaemun-ro 5-Ga, Chung-gu, Seoul, Korea	Freehold	18,760	685	53

* Hotel information as at 1 March 2007

Freehold interest held. A 75-year long leasehold interest sold (19 July 2007) to CDL Hospitality Trusts (CDLHT) and leased back to the Group for an initial period of 20 years (up to 75 years).

Long leasehold interest assigned to CDLHT for 61 years and CDLHT leased back to the Group for an initial period of 20 years (up to 61 years).

75-year leasehold owned by CDLHT and let to the Group for an initial period of 20 years (up to 75 years).

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
ASIA				
Grand Hyatt Taipei Taipei World Trade Centre, Sung Shou Road, Taipei, Taiwan	50-year term extendable to 80-year term wef 07.03.1990	14,317	856	42
Millennium Sukhumvit Hotel, Bangkok Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand (expected date of opening in December 2007)	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	326	26
EUROPE				
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,932	211	53
Millennium Hotel London Mayfair Grosvenor Square, Mayfair London W1K 2HP, England	Leasehold to year 2096	4,260	348	53
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	53
Millennium Gloucester Hotel London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	6,348	610	53
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	117	53
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	53
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Finance Lease	11,657	239	53
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover-Laatzen, Germany	Short Lease	13,165	222	53
Millennium Hotel & Resort Stuttgart Plieninger Strasse 100, 70567 Stuttgart, Germany	Short Lease	39,094	451	53
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	89	44
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	212	53

* Hotel information as at 1 March 2007

MAJOR PROPERTIES

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
EUROPE				
Copthorne Hotel Cardiff Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	53
Copthorne Hotel And Resort Effingham Park London Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	53
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	53
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	53
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Finance Lease	13,734	138	53
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	50
Copthorne Hotel Slough Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	53
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	19,860	834	53
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Long Leasehold	1,853	135	53
NORTH AMERICA				
Millennium Broadway Hotel, New York 145 West 44th Street, New York, NY 10036-4012, USA	Freehold	2,122	750	53
Millenium Hilton Hotel, New York 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	53
Millennium Alaskan Hotel, Anchorage 4800 Spenard Road, Anchorage, AK 99517-3236, USA	Freehold/Leased to year 2040	20,639	248	53
Millennium Biltmore Hotel, Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	6,533	683	53

* Hotel information as at 1 March 2007

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
NORTH AMERICA				
Millennium Bostonian Hotel, Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	2,796	201	53
Millennium Hotel, Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold/Leased to year 2074	6,839	872	52
Millennium Harvest House, Boulder 1345 28th Street, Boulder, CO 80302-6899, USA	Freehold	64,019	269	46
Millennium Knickerbocker Hotel, Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	305	53
Millennium Maxwell House, Nashville 2025 Metro Centre Boulevard, Nashville, TN 37228, USA	Leased to year 2030	36,421	287	53
Millennium Resort, Scottsdale, McCormick Ranch 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033	32,819	125	53
Millennium Hotel, Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leased to year 2030 (with three 5-year options)	4,537	321	53
Millennium Hotel St. Louis 200 South 4th Street, St. Louis, MO 63102-1804, USA	Freehold	17,034	780	53
Millennium UN Plaza Hotel, New York 1 UN Plaza, 44th Street at 1st Avenue, New York, NY 10017-3575, USA	Freehold/Leased to year 2079	4,554	427	53
Millennium Hotel, Durham 2800 CampusWalk Avenue, Durham, NC 27705-4479, USA	Freehold	42,814	313	53
Comfort Inn Vail/Beaver Creek, Colorado 161 West Beaver Creek Boulevard, Avon, CO 81620-5510, USA	Freehold	11,209	146	53
Eldorado Hotel, Santa Fe 309 West San Francisco Street, Santa Fe, NM 87501-2115, USA	Indirect Interest	7,349	219	11
Pine Lake Trout Club, Chagrin Falls 17021 Chillicothe Road, Chagrin Falls, OH 44023-0282, USA	Freehold	331,121	6	53
Millennium Airport Hotel, Buffalo 2040 Walden Avenue, Buffalo, NY 14225-5186, USA	Leased to year 2012	31,726	300	53
Best Western Lakeside 7769 W Irlo Bronson Memorial Highway Kissimmee, FL 34747-1750, USA	Freehold	93,796	651	53
Wynfield Inn Orando Convention Centre 6263 Westwood Boulevarde Orlando, FL 32821, USA	Freehold	29,425	299	53

* Hotel information as at 1 March 2007

MAJOR PROPERTIES

HOTELS*	TENURE	RIGHT OF RENEWAL	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
AUSTRALASIA					
Millennium Hotel Christchurch 14 Cathedral Square, Christchurch, New Zealand	Leasehold to Nov 2010	1 x 5 years	1,417	179	37
Millennium Hotel Queenstown Cnr Frankton Road & Stanley St., Queenstown, New Zealand	Freehold		7,453	220	26
Millennium Hotel Rotorua Cnr Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Leasehold land	Perpetual	10,109	227	37
Copthorne Hotel Auckland Anzac Avenue 150 Anzac Avenue, Auckland, New Zealand	Leasehold land	Perpetual	2,495	110	26
Copthorne Hotel Auckland HarbourCity Quay Street, Auckland, New Zealand	Leasehold to 13.01.2020		2,407	187	37
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold to year 2021	1 x 30 years	62,834	145	18
Copthorne Hotel Christchurch Central 776 Colombo Street, Christchurch, New Zealand	Freehold		2,154	142	37
Copthorne Hotel Christchurch Durham Street Cnr Durham & Kilmore Streets, Christchurch, New Zealand	Leasehold to year 2015		1,734	161	26
Copthorne Hotel & Resort Queenstown Lakefront Cnr Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold		18,709	241	37
Copthorne Hotel Wellington Plimmer Towers Cnr Boulcott Street & Glimer Terrace, Wellington, New Zealand	Leasehold to year 2008	2 x 3 years	3,982	94	26
Kingsgate Hotel Parnell, Auckland 92-102 Gladstone Road, Parnell Auckland, New Zealand	Leasehold to year 2008	2 x 5 years	7,650	114	26
Kingsgate Hotel Dunedin Upper Moray Place, Dunedin, New Zealand	Freehold		2,193	55	26

* Hotel information as at 1 March 2007

HOTELS*	TENURE	RIGHT OF RENEWAL	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
AUSTRALASIA					
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Leasehold land	Perpetual	2,807	102	37
Kingsgate Hotel Rotorua Fenton Street Rotorua, New Zealand	Freehold		35,935	136	26
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold		15,514	151	26
Kingsgate Hotel Terraces, Queenstown 88 Frankton Road, Queenstown, New Zealand	Freehold		4,713	85	26
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold		8,819	94	37
Kingsgate Hotel Oriental Bay, Wellington 73 Roxburgh Street, Wellington, New Zealand	Freehold		3,904	116	26

* Hotel information as at 1 March 2007

STATUTORY REPORTS AND ACCOUNTS

DIRECTORS' REPORT

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2006.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

DIRECTORS' REPORT

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

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	**At end of the year**
The Company		
Ordinary Shares		
Kwek Leng Beng	361,115	397,226
Kwek Leng Joo	59,510	65,461
Kwek Leng Peck	43,758	43,758
Tang See Chim	10,000	11,000
Warrants 2006		
Kwek Leng Beng	36,111	–
Kwek Leng Joo	5,951	–
Tang See Chim	1,000	–
Preference Shares		
Kwek Leng Beng	144,445	144,445
Kwek Leng Joo	100,000	100,000
Tang See Chim	4,000	4,000
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd.		
Ordinary Shares		
Kwek Leng Beng	2,320	2,320
Kwek Leng Joo	1,290	1,290
Kwek Leng Peck	304	304
Subsidiaries		
City e-Solutions Limited		
Ordinary Shares of HK$1 each		
Kwek Leng Beng	3,286,980	3,286,980
Kwek Leng Joo	1,436,000	1,436,000
Kwek Leng Peck	2,082,200	2,082,200
Foo See Juan	8,363	8,363

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	3,000,000
Related Corporations		
Hong Leong Finance Limited		
Ordinary Shares		
Kwek Leng Beng	4,603,567	4,603,567
Kwek Leng Joo	703,610	703,610
Kwek Leng Peck	517,359	517,359
Foo See Juan	22,981	22,981
Options to subscribe for the following number of ordinary shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	1,720,000	2,044,000
Hong Leong Holdings Limited		
Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Joo	210,000	210,000
Chow Chiok Hock	1,000	1,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd.		
Ordinary Shares		
Kwek Leng Beng	600,000	600,000
Kwek Leng Peck	1,000,000	1,000,000
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Beng	60,000	60,000
Kwek Leng Peck	100,000	100,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)

	HOLDINGS IN WHICH THE DIRECTOR, HIS SPOUSE AND INFANT CHILDREN HAVE A DIRECT INTEREST	
	AT BEGINNING OF THE YEAR	AT END OF THE YEAR
Related Corporations (cont'd)		
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
Hong Leong-Summit Pte Ltd		
Ordinary Shares		
Han Vo-Ta	920,000	920,000

	OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT BEGINNING OF THE YEAR	AT END OF THE YEAR
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd.		
Ordinary Shares		
Kwek Leng Beng	68,596	68,596

The directors' interests in the Company as disclosed above remained unchanged as at 21 January 2007.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

SHARE OPTIONS

By the Company

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

Kwek Leng Joo (Chairman)
Foo See Juan

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

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

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

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

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

DIRECTORS' REPORT

SHARE OPTIONS (cont'd)

By the Company (cont'd)

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

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

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

By Subsidiaries

Millennium & Copthorne Hotels plc (M&C)

The following share option schemes of M&C continue to be in operation:
(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;
(ii) Millennium & Copthorne Hotels Executive Share Option Scheme;
(iii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006; and
(iv) Millennium & Copthorne Hotels 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 The Viscount Thurso (Chairman), Christopher Keljik, Christopher Sneath, John Sclater and Charles Kirkwood (M&C 2003 Scheme Committee).

(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).

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)

(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) 350,933 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 1,361,570 unissued shares under options pursuant to the M&C 2003 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

DATE GRANTED	BALANCE AT BEGINNING OF YEAR	EXERCISED DURING THE YEAR	CANCELLED/ LAPSED/ FORFEITED DURING THE YEAR	BALANCE AT END OF YEAR	EXERCISE PRICE PER SHARE £	EXERCISE PERIOD
Part I						
10.03.2003	63,822	(23,255)	(1,292)	39,275	1.9350	10.03.2006 – 09.03.2013
16.03.2004	62,049	(10,284)	(1)	51,764	2.9167	16.03.2007 – 15.03.2014
24.03.2005	52,703	(7,529)	(7,529)	37,645	3.9842	24.03.2008 – 23.03.2015
Part II						
10.03.2003	1,126,129	(125,657)	(453,230)	547,242	1.9350	10.03.2006 – 09.03.2013
16.03.2004	594,720	(41,143)	(220,658)	332,919	2.9167	16.03.2007 – 15.03.2014
24.03.2005	676,248	(143,065)	(180,458)	352,725	3.9842	24.03.2008 – 23.03.2015
	2,575,671	(350,933)	(863,168)	1,361,570		

SHARE OPTIONS (cont'd)

By Subsidiaries (cont'd)

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

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

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

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

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

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

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

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

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

SHARE OPTIONS (cont'd)

By Subsidiaries (cont'd)

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

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

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

(g) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 245,288 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 1996 Scheme.

As at the end of the financial year, there were 179,365 unissued shares under options pursuant to the M&C 1996 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

DATE GRANTED	BALANCE AT BEGINNING OF YEAR	EXERCISED DURING THE YEAR	CANCELLED/ LAPSED/ FORFEITED DURING THE YEAR	BALANCE AT END OF YEAR	EXERCISE PRICE PER SHARE £	EXERCISE PERIOD
Part A						
05.03.1998	6,509	–	–	6,509	4.6087	05.03.2001 – 04.03.2008
19.11.1999	7,526	(7,526)	–	–	3.9856	19.11.2002 – 18.11.2009
17.03.2000	8,955	–	(8,955)	–	3.3500	17.03.2003 – 16.03.2010
23.10.2000	7,594	(7,594)	–	–	3.9500	23.10.2003 – 22.10.2010
20.03.2001	48,272	(41,376)	(6,896)	–	4.3500	20.03.2004 – 19.03.2011
15.03.2002	26,356	(17,829)	–	8,527	3.2250	15.03.2005 – 14.03.2012
	105,212	(74,325)	(15,851)	15,036		
Part B						
05.03.1999	40,436	–	(40,436)	–	4.8321	05.03.2002 – 04.03.2006
19.11.1999	47,670	(47,670)	–	–	3.9856	19.11.2002 – 18.11.2006
17.03.2000	18,369	(10,414)	(7,955)	–	3.3500	17.03.2003 – 16.03.2007
23.10.2000	5,570	(5,570)	–	–	3.9500	23.10.2003 – 22.10.2007
14.03.2001	120,231	–	(50,867)	69,364	4.3250	14.03.2004 – 13.03.2008
20.03.2001	131,714	(74,190)	(51,500)	6,024	4.3500	20.03.2004 – 19.03.2008
15.03.2002	150,418	(33,119)	(28,358)	88,941	3.2250	15.03.2005 – 14.03.2009
	514,408	(170,963)	(179,116)	164,329		

DIRECTORS' REPORT

SHARE OPTIONS (cont'd)

By Subsidiaries (cont'd)

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

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

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

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

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

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

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

(f) During the financial year under review, (i) 117,405 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 121,114 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Schemes.

As at the end of the financial year, there were 363,098 unissued shares under options pursuant to the M&C Sharesave Schemes. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

DATE GRANTED	BALANCE AT BEGINNING OF YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED/ LAPSED/ FORFEITED DURING THE YEAR	BALANCE AT END OF YEAR	EXERCISE PRICE PER SHARE £	EXERCISE PERIOD
09.05.2000	4,134	–	–	(4,134)	–	3.10000	01.07.2005 – 31.12.2005
08.05.2001	22,161	–	(10,435)	(5,811)	5,915	3.13600	01.07.2006 – 31.12.2006
21.05.2002	10,341	–	–	(10,341)	–	2.92000	01.07.2005 – 31.12.2005
21.05.2002	21,074	–	–	(1,586)	19,488	2.92000	01.07.2007 – 31.12.2007
28.04.2003	122,244	–	(98,000)	(10,302)	13,942	1.50400	01.07.2006 – 31.12.2006
28.04.2003	109,417	–	(12,679)	(36,461)	60,277	1.50400	01.07.2008 – 31.12.2008
20.04.2004	49,363	–	–	(4,347)	45,016	2.34000	01.07.2007 – 31.12.2007
20.04.2004	28,499	–	–	(2,933)	25,566	2.34000	01.07.2009 – 31.12.2009
23.03.2005	67,407	–	–	(16,236)	51,171	3.08000	01.07.2008 – 31.12.2008
23.03.2005	39,479	–	–	(8,368)	31,111	3.08000	01.07.2010 – 31.12.2010
19.06.2006	–	73,728	–	(1,840)	71,888	3.25000	01.08.2009 – 31.01.2010
19.06.2006	–	43,677	–	(4,953)	38,724	3.25000	01.08.2011 – 31.01.2012
	474,119	117,405	(121,114)	(107,312)	363,098		

DIRECTORS' REPORT

SHARE OPTIONS (cont'd)

By Subsidiaries (cont'd)

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

(iv) Millennium & Copthorne Hotels plc Long Term Incentive Plan

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

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

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

During the financial year under review, Performance Share Awards were made over 266,152 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 AWARDED DURING THE YEAR	AWARDS VESTED DURING THE YEAR	BALANCE AT END OF YEAR	EXERCISE PERIOD
01.09.2006	–	266,152	–	266,152	01.09.2009 – 31.08.2010

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 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.

SHARE OPTIONS (cont'd)

By Subsidiaries (cont'd)

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

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

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

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

ABILITY TO MEET OBLIGATIONS

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

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

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

UNUSUAL ITEMS

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

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

AUDIT COMMITTEE

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

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

The Audit Committee met 8 times during the financial year ended 31 December 2006 and performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The Audit Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2006 as well as the auditors' reports thereon.

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

DIRECTORS' REPORT

AUDITORS

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

On behalf of the Board of Directors

KWEK LENG BENG
Executive Chairman

KWEK LENG JOO
Managing Director

Singapore
9 March 2007

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 76 to 170 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 2006 and of the results, recognised income and expenses and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

KWEK LENG BENG
Executive Chairman

KWEK LENG JOO
Managing Director

Singapore
9 March 2007

INDEPENDENT AUDITORS' REPORT

Members of the Company
City Developments Limited

We have audited the accompanying financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2006, the income statement, statement of recognised income and expenses and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 170.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 and fair presentation of the financial statements 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 the directors, 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:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the 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 2006 and the results, recognised income and expenses and cash flows of the Group for the year ended on that date; and

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

KPMG
Certified Public Accountants

Singapore
9 March 2007

BALANCE SHEETS
as at 31 December 2006

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Non-current assets					
Property, plant and equipment	3	**6,318,829**	7,062,040	**342,352**	561,000
Intangible assets	4	**60**	73	**–**	–
Investments in:					
– subsidiaries	5	**–**	–	**2,219,682**	2,187,325
– an associate	6	**116,990**	–	**–**	–
– jointly-controlled entities	7	**289,014**	139,270	**50,054**	48,654
Financial assets	8	**152,858**	109,316	**39,582**	37,752
Other non-current assets	9	**277,294**	287,226	**137,202**	107,738
		7,155,045	7,597,925	**2,788,872**	2,942,469
Current assets					
Development properties	10	**2,281,858**	1,886,488	**1,469,935**	1,484,558
Consumable stocks		**14,507**	13,875	**–**	1,014
Financial assets	8	**70,703**	52,069	**–**	–
Trade and other receivables	11	**705,328**	771,177	**1,376,141**	1,104,580
Cash and cash equivalents	14	**776,924**	573,608	**99,741**	137,726
		3,849,320	3,297,217	**2,945,817**	2,727,878
Total assets		**11,004,365**	10,895,142	**5,734,689**	5,670,347
Equity attributable to equity holders of the Company					
Share capital	15	**1,991,397**	460,944	**1,991,397**	460,944
Reserves	16	**2,743,138**	4,086,872	**1,914,961**	3,299,588
		4,734,535	4,547,816	**3,906,358**	3,760,532
Minority interests		**1,645,564**	1,527,445	**–**	–
Total equity	17	**6,380,099**	6,075,261	**3,906,358**	3,760,532
Non-current liabilities					
Interest-bearing borrowings	19	**2,316,947**	2,679,926	**589,384**	917,467
Employee benefits	24	**45,178**	45,877	**–**	–
Other liabilities	25	**53,323**	46,951	**10,070**	8,663
Provisions	26	**5,548**	8,377	**–**	–
Deferred tax liabilities	27	**467,267**	433,549	**22,955**	20,437
		2,888,263	3,214,680	**622,409**	946,567
Current liabilities					
Bank overdrafts	14	**2,319**	2,815	**–**	–
Trade and other payables	28	**572,641**	590,480	**542,253**	770,790
Interest-bearing borrowings	19	**1,029,152**	910,422	**610,427**	175,264
Employee benefits	24	**16,336**	15,602	**1,477**	1,191
Other liabilities	25	**2,498**	2,394	**–**	–
Provision for taxation		**110,701**	81,630	**51,765**	16,003
Provisions	26	**2,356**	1,858	**–**	–
		1,736,003	1,605,201	**1,205,922**	963,248
Total liabilities		**4,624,266**	4,819,881	**1,828,331**	1,909,815
Total equity and liabilities		**11,004,365**	10,895,142	**5,734,689**	5,670,347

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

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2006

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000
Revenue	29	**2,546,804**	2,374,279
Cost of sales		**(1,179,145)**	(1,118,428)
Gross profit		**1,367,659**	1,255,851
Other operating income	30	**187,519**	68,581
Administrative expenses		**(460,792)**	(430,014)
Other operating expenses		**(420,726)**	(426,172)
Profit from operations		**673,660**	468,246
Finance income		**42,468**	28,269
Finance costs		**(138,718)**	(151,278)
Net finance costs	30	**(96,250)**	(123,009)
Share of after-tax profit of an associate		**5,956**	–
Share of after-tax profit of jointly-controlled entities		**108,912**	58,625
Profit before income tax	30	**692,278**	403,862
Income tax expense	31	**(129,312)**	(94,740)
Profit for the year		**562,966**	309,122
Attributable to:			
Equity holders of the Company			
– Ordinary shareholders		**338,755**	187,493
– Preference shareholders		**12,904**	12,904
		351,659	200,397
Minority interests		**211,307**	108,725
Profit for the year		**562,966**	309,122
Earnings per share			
– Basic	32	**37.0 cents**	20.8 cents
– Diluted	32	**36.6 cents**	20.5 cents

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

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

Year ended 31 December 2006

	GROUP	
	2006	**2005**
	$'000	**$'000**
Translation differences arising on consolidation of foreign subsidiaries	**(110,133)**	4,446
Exchange differences on hedge of net investments in foreign entities	**(1,437)**	(3,475)
Exchange differences on monetary items forming part of net investments in foreign entities	**(7,881)**	4,609
Change in fair value of equity investments available for sale	**4,045**	10,087
Share of other reserves movements of an associate	**(6,738)**	–
Actuarial losses on defined benefit plans	**(2,755)**	(6,447)
Net (losses)/gains recognised directly in equity	**(124,899)**	9,220
Profit for the year	**562,966**	309,122
Total recognised income and expenses for the year	**438,067**	318,342
Attributable to:		
Equity holders of the Company	**290,470**	200,074
Minority interests	**147,597**	118,268
	438,067	318,342
Effect of changes in accounting policies:		
Equity holders of the Company	**–**	(588,547)
Minority interests	**–**	(774,062)
	–	(1,362,609)

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

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

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

	GROUP 2006 $'000	GROUP 2005 $'000
Cash flows from operating activities brought forward	**329,390**	718,847
Investing activities		
Acquisition of a subsidiary (net of cash acquired) (Note 34)	**(48,674)**	(4,519)
Dividends received		
– financial investments	**8,379**	9,136
– jointly-controlled entities	**28,204**	12,688
Interest received	**48,934**	27,708
Proceeds from sale of property, plant and equipment	**869,106**	125,920
Purchase of financial assets	**(51,509)**	(55,963)
(Purchase)/Disposal of investments in jointly-controlled entities	**(250)**	86,975
Purchase of intangible assets	**(5)**	(3)
Purchase of investment in an associate	**(229,640)**	–
Purchase of property, plant and equipment	**(177,325)**	(300,066)
Cash flows from investing activities	**447,220**	(98,124)
Financing activities		
Advances from/(to) related corporations	**2,896**	(209,149)
Capital contribution from minority shareholders	**12,001**	2,072
Dividends paid	**(198,123)**	(119,710)
Finance lease payments	**(5,734)**	(5,361)
Fixed deposits pledged to a financial institution	**1,026**	(16)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	**(151,471)**	(161,719)
Net proceeds from revolving credit facilities and short-term bank borrowings	**116,761**	107,514
Payment of financing transaction costs	**(1,571)**	(2,986)
Proceeds from issuance of bonds and notes	**479,031**	412,601
Proceeds from issue of shares	**51,251**	42,016
Proceeds from bank borrowings	**232,993**	1,257,472
Repayment of bank borrowings	**(787,158)**	(1,405,041)
Repayment of bonds and notes	**(300,455)**	(783,240)
Repayment of other long-term liabilities	**(405)**	(442)
Cash flows from financing activities	**(548,958)**	(865,989)
Net increase/(decrease) in cash and cash equivalents	**227,652**	(245,266)
Cash and cash equivalents at beginning of the year	**569,767**	825,663
Effect of exchange rate changes on balances held in foreign currencies	**(22,814)**	(10,630)
Cash and cash equivalents at end of the year (Note 14)	**774,605**	569,767

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 9 March 2007.

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, club operator and owner, investment in properties and in shares, property management, project management and consultancy services and providers of information technology and procurement services.

The consolidated financial statements for the year ended 31 December 2006 relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in an associate and jointly-controlled entities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS).

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 financial statements have been prepared on the historical cost basis, except that certain financial assets and financial liabilities are stated at fair value.

The preparation of financial statements 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 estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following areas:

Note 2.2	Assessment of ability to control or exert significant influence over partly-owned investments
Note 2.11	Measurement of recoverable amounts of hotel and rental properties
Note 2.16	Measurement of profit attributable to properties under development
Note 2.19	Estimation of provisions for current and deferred taxation
Note 34	Valuation of properties acquired in business combinations, and deferred taxes thereon
Note 38	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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Consolidation

Business combinations

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

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

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account, as is the extent to which the Group benefits from the activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates and jointly-controlled entities

Associates are companies in which the Group has significant influence, but not control, over their financial and operating policies. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly-controlled entities (collectively referred to as "equity accounted investees") are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly-controlled assets

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances, 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 equity accounted investees 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 jointly-controlled entities by the Company

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

2.3 Foreign currencies

Foreign currency transactions

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

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation 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 and financial liabilities designated as hedges of the net investment in a foreign operation (see Note 2.6).

Foreign operations

The assets and liabilities of foreign operations 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 prevailing 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 at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in the exchange fluctuation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange translation reserve is transferred to the income statement as part of the gain or loss on disposal.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit and loss arising on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Leased assets

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

Depreciation

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

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives 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
• Non-hotel buildings	–	50 years, or lease term if shorter
• Non-hotel leasehold land	–	Lease term of 85 to 96 years
Freehold and leasehold properties	–	50 years, or lease term if shorter
Furniture, fittings, plant and equipment and improvements	–	3 to 20 years

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Intangible assets

Goodwill

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

Acquisitions prior to 1 January 2001

Goodwill represented the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill and negative goodwill on acquisitions were written off against reserves in the year of acquisition.

Goodwill and negative goodwill that had previously been taken to reserves are not taken to the income statement when (a) the business is disposed of or (b) the goodwill is impaired.

Acquisitions occurring between 1 January 2001 and 1 January 2005

There was no goodwill arising from acquisition of subsidiaries occurring between 1 January 2001 and 1 January 2005.

Acquisitions on or after 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and jointly-controlled entities is presented together with investments in associates and jointly-controlled entities.

Goodwill is measured at cost less impairment losses. Goodwill is tested for impairment as described in Note 2.11. Negative goodwill is recognised immediately in the income statement.

Acquisitions of minority interest

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

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 impairment losses. Other intangible assets are amortised in the income statement on a straight-line basis over their estimated useful lives of 15 years, from the date on which they are available for use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, other liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses and foreign exchange gains and losses on available-for-sale monetary items (see Note 2.3), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Where an investment in equity security classified as available-for-sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

Held-for-trading investments

Financial instruments are designated as held for trading if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments designated as held for trading are measured at fair value, and changes therein are recognised in the income statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Financial instruments (cont'd)

Derivative financial instruments and 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.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

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

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

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of the Group's net investment in a foreign operation are recognised in the exchange fluctuation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Interest-free intercompany loans

Loans to subsidiaries

In the Company's financial statements, interest-free intercompany loans to subsidiaries are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method.

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

Loans from subsidiaries

In the Company's financial statements, interest-free intercompany loans from subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as distribution income in the Company's income statement. Subsequently, these loans are measured at amortised cost using the effective interest method.

Such balances are eliminated in full in the Group's consolidated financial statements.

2.8 Development properties

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

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

2.9 Consumable stocks

Consumable stocks comprise principally food and beverage and other hotel related consumable stocks. Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that 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 cash flow statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Impairment

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities and measured at amortised cost, the reversal is recognised directly in equity. For available-for-sale financial assets that are equity securities and measured at cost less impairment losses, an impairment loss is not reversed.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than 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, 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Share capital

Ordinary share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Preference share capital

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

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

2.13 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

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 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 balance sheet 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 cost method.

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

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity immediately.

Long-term service benefits

The Group's net obligation in respect of long-term employee benefits, other than post-employment 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 balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Employee benefits (cont'd)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans where the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The share option programme allows the Group's employees to acquire shares of one of the Company's listed subsidiaries. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a stochastic model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due to share prices not achieving the threshold for vesting.

2.14 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.

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 the 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. The liability is expected to be incurred over 5 years.

2.15 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Revenue recognition

Development properties for sale

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

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

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

	GROUP	
	2006	**2005**
	$'000	**$'000**
Increase in revenue	**124,366**	177,900
Decrease in profit for the year	**47,985**	39,489
Decrease in opening accumulated profits	**76,198**	36,709
Decrease in development properties as at 1 January	**31,918**	37,884
Decrease in development properties as at 31 December	**81,531**	31,918
Decrease in investments in jointly-controlled entities as at 1 January	**64,044**	8,403
Decrease in investments in jointly-controlled entities as at 31 December	**72,816**	64,044

Rental and car park income

Rental and car park income are recognised on an accrual basis. Lease incentives are recognised as an integral part of the total rental income to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Hotel income

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

Dividends

Dividend income is recognised in the income statement when the shareholder's right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Operating leases

Where entities within the Group are lessees of an operating lease

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

Where entities within the Group are lessors of an operating lease

Assets leased out under operating leases are included in property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.18 Finance income and expense

Finance income comprises mainly interest income on funds invested, marked-to-market gain on financial assets held for trading and gain on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprise interest expense on borrowings, amortisation of transactions costs capitalised and losses on hedging instruments that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and jointly-controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.20 Segment reporting

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

3 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS $'000	LEASEHOLD LAND AND BUILDINGS $'000	FREEHOLD PROPERTIES $'000	LEASEHOLD PROPERTIES $'000	FREEHOLD AND LEASEHOLD PROPERTIES UNDER DEVELOPMENT $'000	FURNITURE, FITTINGS, PLANT AND EQUIPMENT AND IMPROVEMENTS $'000	RENOVATION-IN-PROGRESS $'000	TOTAL $'000
<u>Group</u>								
Cost								
At 1 January 2005	4,067,576	2,090,434	434,263	1,034,665	106,420	1,313,212	25,886	9,072,456
Additions	7,442	2,413	270	–	11,125	78,407	180,981	280,638
Disposals	(45,802)	–	(25,660)	(448)	(36,937)	(28,236)	(345)	(137,428)
Written off during the year	–	–	–	–	–	(33,605)	–	(33,605)
Reclassifications and transfers	(37,135)	1,316	–	–	–	76,725	(40,906)	–
Acquisition by foreclosure on collateralised property	12,476	–	–	–	–	–	–	12,476
Transfers to development properties	(15,378)	–	–	–	(37,605)	–	–	(52,983)
Translation differences on consolidation	47,783	(48,938)	(6,398)	(20)	5,307	(28,207)	(691)	(31,164)
At 31 December 2005	4,036,962	2,045,225	402,475	1,034,197	48,310	1,378,296	164,925	9,110,390
Additions	1,873	3,706	15	–	54,744	81,362	36,457	178,157
Acquisition of subsidiaries	146,204	–	–	–	–	–	–	146,204
Disposals	(515,399)	(9,271)	–	–	–	(272,831)	(114)	(797,615)
Written off during the year	(20)	–	–	–	–	(25,665)	(6)	(25,691)
Reclassifications and transfers	124,735	1,214	39,894	–	–	11,116	(176,959)	–
Transfers to development properties	(61,284)	–	(11,687)	(187,689)	–	(11,568)	–	(272,228)
Translation differences on consolidation	(81,624)	(8,612)	(1,216)	(5)	–	(23,423)	5,045	(109,835)
At 31 December 2006	3,651,447	2,032,262	429,481	846,503	103,054	1,137,287	29,348	8,229,382

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	FREEHOLD LAND AND BUILDINGS $'000	LEASEHOLD LAND AND BUILDINGS $'000	FREEHOLD PROPERTIES $'000	LEASEHOLD PROPERTIES $'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 2005	584,339	242,656	112,782	261,963	–	759,616	–	1,961,356
Charge for the year	24,842	21,661	6,391	17,953	–	91,383	–	162,230
Disposals	(4,226)	–	(4,852)	–	–	(24,303)	–	(33,381)
Impairment losses	7,440	3,869	–	713	–	19,715	–	31,737
Reversal of impairment losses	(5,994)	(1,200)	–	(13)	–	–	–	(7,207)
Written off during the year	–	–	–	–	–	(32,847)	–	(32,847)
Reclassifications	(13,596)	–	–	–	–	13,596	–	–
Translation differences on consolidation	(28,028)	(3,356)	1,772	(20)	–	(3,906)	–	(33,538)
At 31 December 2005	564,777	263,630	116,093	280,596	–	823,254	–	2,048,350
Charge for the year	26,224	18,019	6,765	17,364	–	81,372	–	149,744
Disposals	(97,625)	(23,368)	–	–	–	(89,163)	–	(210,156)
Written off during the year	–	–	–	–	–	(22,262)	–	(22,262)
Impairment losses	1,591	–	10,064	–	–	8,451	–	20,106
Reversal of impairment losses	(4,052)	(3,980)	–	(2,854)	–	–	–	(10,886)
Reclassifications	(1,790)	–	5,249	–	–	(3,459)	–	–
Transfers to development properties	(840)	–	–	(63,428)	–	(9,347)	–	(73,615)
Translation differences on consolidation	3,258	3,061	1,616	(6)	–	1,343	–	9,272
At 31 December 2006	491,543	257,362	139,787	231,672	–	790,189	–	1,910,553
Carrying amount								
At 1 January 2005	3,483,237	1,847,778	321,481	772,702	106,420	553,596	25,886	7,111,100
At 31 December 2005	3,472,185	1,781,595	286,382	753,601	48,310	555,042	164,925	7,062,040
At 31 December 2006	3,159,904	1,774,900	289,694	614,831	103,054	347,098	29,348	6,318,829

During the financial year, interest capitalised as cost of property, plant and equipment amounted to $526,000 (2005: $1,744,000).

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	FREEHOLD LAND AND BUILDINGS $'000	LEASEHOLD LAND AND BUILDING $'000	FREEHOLD PROPERTIES $'000	LEASEHOLD PROPERTY $'000	FREEHOLD PROPERTIES UNDER DEVELOPMENT $'000	FURNITURE, FITTINGS, PLANT AND EQUIPMENT AND IMPROVEMENTS $'000	TOTAL $'000
Company							
Cost							
At 1 January 2005	462,360	96,163	11,238	8,359	45,999	47,939	672,058
Additions	–	–	–	–	2,311	9,871	12,182
Disposals	(9,049)	(2,431)	–	–	–	(1,566)	(13,046)
Written off during the year	–	–	–	–	–	(1,667)	(1,667)
Reclassifications	(44,883)	–	–	–	–	44,883	–
At 31 December 2005	408,428	93,732	11,238	8,359	48,310	99,460	669,527
Additions	–	–	–	–	8,806	8,571	17,377
Disposals	(191,594)	–	–	–	–	(71,610)	(263,204)
Written off during the year	–	–	–	–	–	(304)	(304)
Reclassifications	(21,328)	–	29,484	–	–	(8,156)	–
At 31 December 2006	195,506	93,732	40,722	8,359	57,116	27,961	423,396
Accumulated depreciation and impairment losses							
At 1 January 2005	47,738	11,862	3,084	2,419	–	29,755	94,858
Charge for the year	4,047	1,702	242	167	–	10,021	16,179
Disposals	(518)	(387)	–	–	–	(590)	(1,495)
Written off during the year	–	–	–	–	–	(1,015)	(1,015)
Reclassifications	(13,596)	–	–	–	–	13,596	–
At 31 December 2005	37,671	13,177	3,326	2,586	–	51,767	108,527
Charge for the year	3,253	1,653	443	167	–	6,400	11,916
Impairment loss	–	–	10,064	–	–	–	10,064
Disposals	(15,638)	–	–	–	–	(33,792)	(49,430)
Written off during the year	–	–	–	–	–	(33)	(33)
Reclassifications	(1,790)	–	5,249	–	–	(3,459)	–
At 31 December 2006	23,496	14,830	19,082	2,753	–	20,883	81,044
Carrying amount							
At 1 January 2005	414,622	84,301	8,154	5,940	45,999	18,184	577,200
At 31 December 2005	370,757	80,555	7,912	5,773	48,310	47,693	561,000
At 31 December 2006	172,010	78,902	21,640	5,606	57,116	7,078	342,352

During the financial year, interest capitalised as cost of property, plant and equipment amounted to $281,000 (2005: $251,000).

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Freehold buildings	**19,332**	32,035	**–**	–
Furniture, fittings, plant and equipment and improvements	**318**	27	**21**	25
	19,650	32,062	**21**	25

During the year, the Group and the Company acquired property, plant and equipment under finance leases amounting to $306,000 (2005: $Nil) and $Nil (2005: $28,000) respectively.

In 2006, upon the Group and the Company assessing the carrying value of its property, plant and equipment for indications of impairment, the carrying amounts of certain property, plant and equipment were written down by $20,106,000 (2005: $31,737,000) and $10,064,000 (2005: $Nil) respectively. In addition, the Group reversed impairment losses of $10,886,000 (2005: $7,207,000) recognised in prior years for freehold and leasehold land and buildings, and a leasehold property. The net amount written down is included in "other operating expenses".

In respect of an impairment loss reversed of $4,052,000 (2005: $5,994,000), the estimate of recoverable amount was based on the value of freehold land and a freehold building, located in Japan, determined by an external valuer based on the open market value.

In respect of the remaining impairment losses reversed, the estimates of recoverable amounts were based on the value of the freehold land and buildings, leasehold land and buildings and leasehold properties on the value-in-use basis using management's estimates of cash flows and discount rates ranging from 3.0% to 14.0% (2005: 3.8% to 10.0%) per annum as applicable to the nature and location of the asset in question.

The reversal of the impairment losses was a result of a recovery of the property markets in Japan and Singapore.

An impairment loss of $8,451,000 on a leasehold hotel located in the United Kingdom held by a subsidiary was charged following an assessment by the subsidiary's management that there is a likelihood of exiting the lease when it expires in 2011 due to deterioration in the hotel business. The estimate of recoverable amount was based on the value-in-use of the said property using management's estimates of cash flows in the period to the expiry of the lease and a discount rate of 7.8%.

In relation to the remaining impairment losses charged of $11,655,000 (2005: $31,737,000), the estimates of recoverable amount were based on value of freehold land and buildings, leasehold land and buildings, freehold properties, leasehold properties and furniture, fittings, plant and equipment and improvements, on the value-in-use basis using management's estimates of cash flows and discount rates ranging from 4.5% to 14.0% (2005: 7.0% to 10.0%) per annum as applicable to the nature and location of the asset in question. Most of the impairment loss relates to a retail property in Singapore.

Included in property, plant and equipment are certain hotel properties and land and buildings of the Group with carrying value totalling $2,539,854,000 (2005: $2,815,840,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 22 for more details of the facilities).

Property, plant and equipment comprise a number of commercial properties that are leased to external customers. Generally, each of the leases contains an initial non-cancellable period of 2 to 3 years.

4 INTANGIBLE ASSETS

	GROUP $'000
Cost	
At 1 January 2005	218
Additions	1
Translation differences on consolidation	2
At 31 December 2005	221
Additions	5
Translation differences on consolidation	(17)
At 31 December 2006	209
Accumulated amortisation	
At 1 January 2005	130
Charge for the year	14
Translation differences on consolidation	4
At 31 December 2005	148
Charge for the year	14
Translation differences on consolidation	(13)
At 31 December 2006	149
Carrying amount	
At 1 January 2005	88
At 31 December 2005	73
At 31 December 2006	60

Intangible assets of the Group relate to trademarks. The amortisation charge is included in "other operating expenses" in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	NOTE	COMPANY 2006 $'000	COMPANY 2005 $'000
Investments in subsidiaries			
Unquoted shares, at cost		**2,257,512**	2,261,289
Discount implicit in non-current inter-company balances		**9,441**	2,417
Impairment losses		**(47,271)**	(76,381)
		2,219,682	2,187,325
Balances with subsidiaries			
Amounts owing by subsidiaries			
– trade, interest-free		**1,484**	1,495
– non-trade, interest-free		**812,416**	702,690
– non-trade, interest-bearing		**387,456**	122,009
		1,201,356	826,194
Allowance for doubtful receivables		**(43,784)**	(22,960)
		1,157,572	803,234
Receivable within 12 months	11	**1,020,370**	695,496
Receivable after 12 months	9	**137,202**	107,738
		1,157,572	803,234
Amounts owing to subsidiaries			
– trade, interest-free		**314**	3,752
– non-trade, interest-free		**383,014**	590,093
		383,328	593,845
Repayable within 12 months	28	**383,328**	593,845

The amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts, interest at 0.47% to 4.02% (2005: 0.29% to 3.99%) per annum was charged.

Included in amounts owing by subsidiaries receivable after 12 months is $49,973,000 (2005: $54,461,000) which form part of the Company's net investment in subsidiaries. Settlement of the loans is neither planned nor likely to occur in the foreseeable future. The balances with subsidiaries that are presented as receivable or repayable within 12 months are receivable or repayable on demand.

The currencies in which these balances with subsidiaries are denominated are disclosed in Notes 9, 11 and 28, together with similar information for receivables and payables.

During the year, the Company assessed the recoverable amount of its investments in subsidiaries. Based on this assessment, the Company reversed impairment losses of $29,110,000 (2005: impairment losses recognised: $15,534,000) on its investments in certain subsidiaries. Impairment losses were quantified under the value-in-use method using management's estimates of the future underlying cash flows in the subsidiaries expected in the future, and discount rates ranging from 3.8% to 4.0% (2005: 3.8% to 5.0%) per annum. The reversal of the impairment losses was a result of a recovery of the Singapore property market.

Further details regarding subsidiaries are set out in Note 41.

6 INVESTMENT IN AND BALANCES WITH AN ASSOCIATE

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Investment in an associate		**116,990**	–	**–**	–
Balances with an associate					
Amounts owing by an associate (trade, current, interest-free)	11	**195**	–	**–**	–
Amounts owing to an associate (trade, current, interest-free)	28	**5,222**	–	**8**	–

As at 31 December 2006, the amounts owing by and to an associate were unsecured. The currencies in which the amounts owing by and to an associate are denominated are disclosed in Notes 11 and 28, together with similar information for receivables and payables.

The fair value of the investment in the associate based on published price quotations is $459,792,000.

Further details regarding the associate are set out in Note 41.

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

	2006 $'000	2005 $'000
Total assets	**973,303**	–
Total liabilities	**397,564**	–
Revenue (from 8 June 2006 (the date of constitution) to 31 December 2006)	**28,189**	–
Profit after taxation (from 8 June 2006 (the date of constitution) to 31 December 2006)	**15,035**	–

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Investments in jointly-controlled entities					
Investments in jointly-controlled entities		**289,014**	139,270	**52,495**	52,495
Impairment losses		**–**	–	**(2,441)**	(3,841)
		289,014	139,270	**50,054**	48,654
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities					
– trade, interest-free		**6,890**	2,456	**5,683**	1,244
– non-trade, interest-bearing		**460,434**	522,007	**384,981**	418,566
– non-trade, interest-free		**108,006**	174,274	**–**	–
		575,330	698,737	**390,664**	419,810
Allowance for doubtful receivables		**(92,700)**	(60,000)	**(92,700)**	(60,000)
		482,630	638,737	**297,964**	359,810
Receivable:					
– Within 12 months	11	**391,928**	540,733	**297,964**	359,810
– After 12 months	9	**90,702**	98,004	**–**	–
		482,630	638,737	**297,964**	359,810

Included in the Group's share of after-tax profits of jointly-controlled entities is a gain of $5,251,000 (2005: $2,262,000) recognised on ordinary shares and non-redeemable convertible non-cumulative preference shares of the Company which are held by a jointly-controlled entity for trading purposes.

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Amounts owing to jointly-controlled entities (non-trade, current, interest-free)	28	**40,479**	72,701	**15,475**	15,475

The amounts owing by and to jointly-controlled entities are unsecured. In respect of interest-bearing amounts, interest at rates ranging from 0.6% to 4.5% (2005: 0.6% to 5.0%) per annum and 1.5% to 3.5% (2005: 1.5% to 2.5%) per annum were charged by the Group and the Company respectively.

The amounts presented as receivable or repayable within 12 months are repayable on demand. Included in the non-current amounts owing by jointly-controlled entities are foreign currency denominated loans to jointly-controlled entities amounting to $10,879,000 (2005: $11,862,000) which form part of the Group's net investment in jointly-controlled entities. Settlement of the loans is neither planned nor likely to occur in the foreseeable future. The remaining non-current receivables from jointly-controlled entities is repayable on demand but is not expected to be repaid within the next 12 months.

The currencies in which the balances with jointly-controlled entities are denominated are disclosed in Notes 9, 11 and 28, together with similar information for receivables and payables.

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES (cont'd)

Balances with jointly-controlled entities (cont'd)

During the financial year, the Company assessed the recoverable amount of its investments in jointly-controlled entities. Based on this assessment, the Company reversed impairment losses of $1,400,000 (2005: impairment losses recognised: $2,226,000) on its investments in jointly-controlled entities. Impairment losses were quantified under the value-in-use method using management's estimates of the future underlying cash flows in the jointly-controlled entities expected in the future, and a discount rate of 5.0% (2005: ranging from 3.8% to 5.0%) per annum. The reversal of the impairment losses was a result of the recovery of the Singapore property market on the value of development properties held by these jointly-controlled entities.

Further details regarding jointly-controlled entities are set out in Note 41.

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

	2006 $'000	2005 $'000
Results		
Revenue and other operating income	**381,494**	279,104
Cost of sales and other expenses	**(245,031)**	(186,448)
Profit before income tax	**136,463**	92,656
Income tax expenses	**(18,469)**	(27,364)
Minority interest	**(9,082)**	(6,667)
Profit for the year	**108,912**	58,625
Assets and liabilities		
Non-current assets	**516,879**	735,633
Current assets	**855,035**	771,257
Current liabilities	**(474,772)**	(897,175)
Non-current liabilities	**(608,128)**	(470,445)
Net assets	**289,014**	139,270
Commitments		
Development expenditure contracted but not provided for in the financial statements:		
– land purchases for which deposits have been paid	**136,468**	–
– construction costs	**202,603**	229,057
	339,071	229,057
Capital expenditure contracted but not provided for in the financial statements	**–**	4,817
Non-cancellable operating lease payables	**16**	2
Non-cancellable operating lease receivables	**8,428**	6,790

8 FINANCIAL ASSETS

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Non-current financial assets				
Unquoted equity investments available for sale				
– fellow subsidiaries	**3,372**	3,297	**3,290**	3,290
– non-related companies	**85,573**	46,448	**1,340**	1,340
	88,945	49,745	**4,630**	4,630
Quoted equity investments available for sale				
– fellow subsidiaries	**41,566**	39,390	**34,952**	33,122
– non-related companies	**22,347**	20,181	**–**	–
	63,913	59,571	**34,952**	33,122
	152,858	109,316	**39,582**	37,752

	GROUP 2006 $'000	GROUP 2005 $'000
Current financial assets		
Quoted investments held for trading		
– equity investments	**32,267**	22,018
– debt securities	**12,270**	41
Unquoted investments held for trading		
– equity investments	**4,603**	12,901
– bond funds	**21,563**	17,109
	70,703	52,069

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

Held-for-trading debt securities have interest rates of 1.6% to 6.0% (2005: 6.0%) per annum and mature within 50 months (2005: 25 months).

8 FINANCIAL ASSETS (cont'd)

Financial assets are denominated in the following currencies:

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
United States Dollar	**90,523**	38,670	**–**	–
Singapore Dollar	**76,492**	69,772	**39,582**	37,752
New Zealand Dollar	**21,563**	–	**–**	–
Sterling Pound	**19,039**	24,664	**–**	–
Hong Kong Dollar	**9,387**	28,279	**–**	–
Others	**6,557**	–	**–**	–
	223,561	161,385	**39,582**	37,752

9 OTHER NON-CURRENT ASSETS

		GROUP		COMPANY	
	NOTE	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amounts owing by:					
– subsidiaries	5	**–**	–	**137,202**	107,738
– jointly-controlled entities	7	**90,702**	98,004	**–**	–
Deferred tax assets	27	**4,800**	–	**–**	–
Deposit receivables		**3,993**	–	**–**	–
Lease premium prepayments		**177,799**	189,222	**–**	–
		277,294	287,226	**137,202**	107,738

Lease premium prepayments relate to the non-current portion of upfront premiums paid in respect of long leasehold land of hotel properties where land title is not anticipated to be passed to the Group. Amounts owing by subsidiaries, jointly-controlled entities and deposit receivables are denominated in the following currencies:

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Singapore Dollar	**70,061**	71,722	**106,526**	74,274
Thai Baht	**13,755**	4,164	**–**	–
United States Dollar	**10,879**	22,118	**–**	–
Japanese Yen	**–**	–	**30,676**	33,464
	94,695	98,004	**137,202**	107,738

10 DEVELOPMENT PROPERTIES

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Properties in the course of development, at cost	**1,482,940**	612,628	**1,052,360**	612,628
Attributable profit	**66,646**	26,485	**66,646**	26,485
	1,549,586	639,113	**1,119,006**	639,113
Progress billings	**(182,671)**	(107,056)	**(154,581)**	(107,056)
	1,366,915	532,057	**964,425**	532,057
Joint development properties, at cost	**468,460**	574,268	**469,223**	575,105
Attributable profit	**9,552**	6,847	**9,552**	6,847
	478,012	581,115	**478,775**	581,952
Progress billings	**(160,681)**	(43,765)	**(160,681)**	(43,764)
	317,331	537,350	**318,094**	538,188
Contributions from other participants	**(39,194)**	(43,747)	**(39,194)**	(43,747)
	278,137	493,603	**278,900**	494,441
Joint development properties in which the Group participates through contributions	**10,723**	10,898	**10,723**	10,898
Properties for development and resale representing mainly land	**258,764**	528,020	**–**	218,752
Completed units	**459,619**	447,697	**221,110**	284,313
	2,374,158	2,012,275	**1,475,158**	1,540,461
Allowance for foreseeable losses	**(92,300)**	(125,787)	**(5,223)**	(55,903)
Total development properties	**2,281,858**	1,886,488	**1,469,935**	1,484,558
During the year, interest capitalised (net of interest income) as cost of development properties amounted to	**17,741**	12,297	**15,414**	12,306

The Group uses the percentage of completion method to recognise revenue on its development projects in Singapore. The impact on the financial statements, had revenue on the Singapore development projects been recognised using the completion of construction method, is set out in Note 2.16.

11 TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Trade receivables		**173,913**	137,844	**41,650**	28,434
Allowance for doubtful receivables		**(4,831)**	(5,247)	**(27)**	(98)
		169,082	132,597	**41,623**	28,336
Other receivables, deposits and prepayments		**129,325**	78,127	**8,061**	10,773
Allowance for doubtful receivables		**(3,438)**	(2,476)	**(1,514)**	(1,533)
		125,887	75,651	**6,547**	9,240
Derivative financial instruments		**94**	–	**–**	–
Lease premium prepayments		**2,252**	2,393	**–**	–
Accrued receivables	12	**6,398**	14,838	**228**	6,845
Amounts owing by:					
– subsidiaries	5	**–**	–	**1,020,370**	695,496
– an associate	6	**195**	–	**–**	–
– jointly-controlled entities	7	**391,928**	540,733	**297,964**	359,810
– fellow subsidiaries	13	**9,492**	4,965	**9,409**	4,853
		705,328	771,177	**1,376,141**	1,104,580

Trade and other receivables (excluding lease premium prepayments) are denominated in the following currencies:

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Singapore Dollar	**547,811**	600,870	**1,332,283**	1,070,025
United States Dollar	**48,369**	65,804	**768**	835
Sterling Pound	**45,504**	51,278	**–**	352
Others	**61,392**	50,832	**43,090**	33,368
	703,076	768,784	**1,376,141**	1,104,580

12 ACCRUED RECEIVABLES

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

13 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Amounts owing by fellow subsidiaries					
– trade		**32**	59	**6**	23
– non-trade		**9,460**	4,906	**9,403**	4,830
	11	**9,492**	4,965	**9,409**	4,853
Amounts owing to fellow subsidiaries					
– trade		**–**	772	**–**	299
– non-trade		**210**	191	**–**	–
	28	**210**	963	**–**	299

Fellow subsidiaries are subsidiaries of the immediate holding company which are subject to common control. The amounts owing by and to fellow subsidiaries are interest-free and unsecured. The currencies in which the amounts owing by and to fellow subsidiaries are denominated are disclosed in Notes 11 and 28, together with similar information for receivables and payables.

14 CASH AND CASH EQUIVALENTS

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments	**43,055**	34,849	**41,061**	34,806
Fixed deposits placed with financial institutions which are:				
– fellow subsidiaries	**21,054**	19,579	**–**	2,704
– others	**509,365**	405,579	**51,976**	91,770
	530,419	425,158	**51,976**	94,474
Cash at banks and in hand	**203,450**	113,601	**6,704**	8,446
	776,924	573,608	**99,741**	137,726
Bank overdrafts	**(2,319)**	(2,815)	**–**	–
	774,605	570,793	**99,741**	137,726
Fixed deposits (pledged)	**–**	(1,026)		
Cash and cash equivalents in the consolidated cash flow statement	**774,605**	569,767		

Included in cash and cash equivalents as at 31 December 2005 was a deposit of $1,026,000 placed by the Group with a related financial institution which was a fellow subsidiary. This deposit was pledged to the financial institution as collateral for facilities granted to a third party.

14 CASH AND CASH EQUIVALENTS (cont'd)

Cash and cash equivalents are denominated in the following currencies:

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
United States Dollar	**261,534**	145,506	**6,097**	9,141
Singapore Dollar	**164,813**	186,428	**91,787**	127,944
Australian Dollar	**144,089**	–	**–**	–
Sterling Pound	**54,855**	34,331	**–**	–
New Zealand Dollar	**51,104**	149,996	**–**	–
Others	**98,210**	54,532	**1,857**	641
	774,605	570,793	**99,741**	137,726

15 SHARE CAPITAL

	COMPANY			
	2006		2005	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
Issued and fully paid ordinary share capital:				
At 1 January	**888,801,058**	**444,400**	871,994,508	435,997
Issue of shares during the year	**20,500,272**	**50,848**	16,806,550	8,403
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	**–**	**1,479,605**	–	–
At 31 December	**909,301,330**	**1,974,853**	888,801,058	444,400
Issued and fully paid preference share capital:				
Non-redeemable convertible non-cumulative preference shares	**330,874,257**	**16,544**	330,874,257	16,544
Total share capital		**1,991,397**		460,944

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

(i) the concept of par value and authorised share capital was abolished; and

(ii) the amount standing to the credit of the Company's share premium account become part of the Company's share capital.

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 share at General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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

During the financial year, the Company issued 20,500,272 (2005: 16,806,550) new ordinary shares arising from the exercise of subscription rights by bonus warrant holders. As at 31 December 2006, there were no outstanding bonus warrants as bonus warrants which were not exercised as at 10 May 2006 (date of expiry of the subscription rights comprised in the bonus warrants) have lapsed (2005: 21,103,149 bonus warrants outstanding).

Preference share capital

On 9 June 2004, the Company issued 330,874,257 non-redeemable convertible non-cumulative preference shares (Preference Shares), then of par value of $0.05 each, at an issue price of $1.00 each, which were subsequently listed on the Official List of the Singapore Exchange Securities Trading Limited on 14 June 2004. The Preference Shares are convertible at the sole option of the Company at any time on or after the second anniversary of the date of issue of the Preference Shares, into fully-paid ordinary shares of 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 2006, a maximum number of 44,998,898 (2005: 44,998,898) ordinary shares may be issued upon full conversion at the sole option of the Company of all the Preference Shares.

Holders of Preference Shares shall have no voting rights, except under certain circumstances provided for in the Companies Act 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).

16 RESERVES

	GROUP		COMPANY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Share premium	**–**	1,492,324	**–**	1,479,202
Capital reserve	**147,132**	148,143	**63,743**	63,743
Hedging reserve	**(189)**	–	**–**	–
Fair value reserve	**25,448**	21,403	**19,228**	17,764
Share option reserve	**2,757**	1,792	**–**	–
Exchange fluctuation reserve	**81,748**	142,075	**–**	–
Accumulated profits	**2,486,242**	2,281,135	**1,831,990**	1,738,879
	2,743,138	4,086,872	**1,914,961**	3,299,588

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

Hedging reserve comprises the Group's share of the hedging reserve of an associate which relates to the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating 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.

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

The exchange fluctuation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the presentation currency of the Company;

(b) the gain or loss on instruments used to hedge the Group's net investment in foreign entities that are determined to be effective hedges; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

The accumulated profits of the Group include profits of $102,110,000 (2005: $5,908,000) attributable to associates and jointly-controlled entities.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

17 TOTAL EQUITY

	NOTE	SHARE CAPITAL $'000	SHARE PREMIUM $'000	CAPITAL RESERVE $'000
Group				
At 1 January 2005		452,541	1,458,711	148,143
Translation differences arising on consolidation of foreign subsidiaries		–	–	–
Exchange differences on hedges of net investments in foreign entities		–	–	–
Exchange differences on monetary items forming part of net investments in foreign entities		–	–	–
Change in fair value of equity investments available for sale		–	–	–
Actuarial losses on defined benefit plans		–	–	–
Net gains/(losses) recognised directly in equity		–	–	–
Profit for the year		–	–	–
Total recognised income and expenses for the year		–	–	–
Issue of ordinary shares	15	8,403	33,613	–
Change of interest in subsidiaries		–	–	–
Value of employee services received for issue of share options	30	–	–	–
Transfer of hedging reserve on realisation		–	–	–
Dividends	33	–	–	–
At 31 December 2005		460,944	1,492,324	148,143

HEDGING RESERVE $'000	FAIR VALUE RESERVE $'000	SHARE OPTION RESERVE $'000	EXCHANGE FLUCTUATION RESERVE $'000	ACCUMULATED PROFITS $'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY $'000	MINORITY INTERESTS $'000	TOTAL EQUITY $'000
(6,454)	15,253	878	145,330	2,149,646	4,364,048	1,460,761	5,824,809
–	–	–	(3,836)	–	(3,836)	8,282	4,446
–	–	–	(2,084)	–	(2,084)	(1,391)	(3,475)
–	–	–	2,665	–	2,665	1,944	4,609
–	6,150	–	–	–	6,150	3,937	10,087
–	–	–	–	(3,218)	(3,218)	(3,229)	(6,447)
–	6,150	–	(3,255)	(3,218)	(323)	9,543	9,220
–	–	–	–	200,397	200,397	108,725	309,122
–	6,150	–	(3,255)	197,179	200,074	118,268	318,342
–	–	–	–	–	42,016	–	42,016
–	–	–	–	–	–	2,072	2,072
–	–	914	–	–	914	875	1,789
6,454	–	–	–	–	6,454	5,994	12,448
–	–	–	–	(65,690)	(65,690)	(60,525)	(126,215)
–	21,403	1,792	142,075	2,281,135	4,547,816	1,527,445	6,075,261

17 TOTAL EQUITY (cont'd)

	NOTE	SHARE CAPITAL $'000	SHARE PREMIUM $'000	CAPITAL RESERVE $'000
Group				
At 1 January 2006		460,944	1,492,324	148,143
Translation differences arising on consolidation of foreign subsidiaries		–	–	–
Exchange differences on hedges of net investments in foreign entities		–	–	–
Exchange differences on monetary items forming part of net investments in foreign entities		–	–	–
Change in fair value of equity investments available for sale		–	–	–
Share of other reserve movements of an associate		–	–	(3,351)
Actuarial losses on defined benefit plans		–	–	–
Net (losses)/gains recognised directly in equity		–	–	(3,351)
Profit for the year		–	–	–
Total recognised income and expenses for the year		–	–	(3,351)
Issue of ordinary shares	15	50,848	403	–
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	15	1,479,605	(1,492,727)	–
Change of interest in subsidiaries		–	–	2,340
Value of employee services received for issue of share options	30	–	–	–
Dividends	33	–	–	–
At 31 December 2006		1,991,397	–	147,132

HEDGING RESERVE $'000	FAIR VALUE RESERVE $'000	SHARE OPTION RESERVE $'000	EXCHANGE FLUCTUATION RESERVE $'000	ACCUMULATED PROFITS $'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY $'000	MINORITY INTERESTS $'000	TOTAL EQUITY $'000
–	21,403	1,792	142,075	2,281,135	4,547,816	1,527,445	6,075,261
–	–	–	(54,861)	–	(54,861)	(55,272)	(110,133)
–	–	–	(1,324)	–	(1,324)	(113)	(1,437)
–	–	–	(4,142)	–	(4,142)	(3,739)	(7,881)
–	4,045	–	–	–	4,045	–	4,045
(189)	–	–	–	–	(3,540)	(3,198)	(6,738)
–	–	–	–	(1,367)	(1,367)	(1,388)	(2,755)
(189)	4,045	–	(60,327)	(1,367)	(61,189)	(63,710)	(124,899)
–	–	–	–	351,659	351,659	211,307	562,966
(189)	4,045	–	(60,327)	350,292	290,470	147,597	438,067
–	–	–	–	–	51,251	–	51,251
–	–	–	–	13,122	–	–	–
–	–	7	–	–	2,347	9,487	11,834
–	–	958	–	–	958	864	1,822
–	–	–	–	(158,307)	(158,307)	(39,829)	(198,136)
(189)	25,448	2,757	81,748	2,486,242	4,734,535	1,645,564	6,380,099

18 EQUITY COMPENSATION BENEFITS

By the Company

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

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

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

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

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

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

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

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

18 EQUITY COMPENSATION BENEFITS (cont'd)

By Subsidiaries

City e-Solutions Limited

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

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

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

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

(iii) the nominal value of a CES share.

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 following the exercise of the subscription rights set out in the CES Scheme.

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

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

Millennium & Copthorne Hotels plc

M&C has the following share option schemes:

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

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

(iii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006; and

(iv) Millennium & Copthorne Hotels Long Term Incentive Plan

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18 EQUITY COMPENSATION BENEFITS (cont'd)

Millennium & Copthorne Hotels plc (cont'd)

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

(a) The Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (M&C 2003 Scheme) was approved by the shareholders at the Annual General Meeting of M&C held on 21 May 2002. There are 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.

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

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

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

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

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

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

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

18 EQUITY COMPENSATION BENEFITS (cont'd)

Millennium & Copthorne Hotels plc (cont'd)

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

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

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

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

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

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

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

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

18 EQUITY COMPENSATION BENEFITS (cont'd)

Millennium & Copthorne Hotels plc (cont'd)

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

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

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

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

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

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

(iv) Millennium & Copthorne Hotels Long Term Incentive Plan

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

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

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

During the financial year under review, Performance Share Awards were made over 266,152 ordinary shares of £0.30 each in M&C.

18 EQUITY COMPENSATION BENEFITS (cont'd)

Details of the options granted under the M&C option schemes on the unissued ordinary shares of £0.30 each in a subsidiary, Millennium & Copthorne Hotels plc, as at the end of the financial year, presented in Sterling Pound, are as follows:

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

2005

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2005	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 2005	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2005	EXERCISE PERIOD
Part I									
10.03.2003	1.9350	79,325	–	–	(15,503)	–	63,822	63,822	10.03.2006 – 09.03.2013
16.03.2004	2.9167	62,049	–	–	–	–	62,049	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	–	52,703	–	–	–	52,703	–	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	1,198,465	–	(52,697)	(19,639)	–	1,126,129	1,126,129	10.03.2006 – 09.03.2013
16.03.2004	2.9167	669,109	–	(34,960)	(39,429)	–	594,720	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	–	705,613	–	(29,365)	–	676,248	–	24.03.2008 – 23.03.2015
		2,008,948	758,316	(87,657)	(103,936)	–	2,575,671	1,189,951	

2006

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2006	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 2006	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2006	EXERCISE PERIOD
Part I									
10.03.2003	1.9350	63,822	–	(23,255)	(1,292)	–	39,275	39,275	10.03.2006 – 09.03.2013
16.03.2004	2.9167	62,049	–	(10,284)	(1)	–	51,764	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	52,703	–	(7,529)	(7,529)	–	37,645	–	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	1,126,129	–	(125,657)	(453,230)	–	547,242	547,242	10.03.2006 – 09.03.2013
16.03.2004	2.9167	594,720	–	(41,143)	(220,658)	–	332,919	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	676,248	–	(143,065)	(180,458)	–	352,725	–	24.03.2008 – 23.03.2015
		2,575,671	–	(350,933)	(863,168)	–	1,361,570	586,517	

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18 EQUITY COMPENSATION BENEFITS (cont'd)

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

2005

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2005	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 2005	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2005	EXERCISE PERIOD
Part A									
05.03.1998	4.6087	6,509	–	–	–	–	6,509	6,509	05.03.2001 – 04.03.2008
19.11.1999	3.9856	7,526	–	–	–	–	7,526	7,526	19.11.2002 – 18.11.2009
17.03.2000	3.3500	8,955	–	–	–	–	8,955	8,955	17.03.2003 – 16.03.2010
23.10.2000	3.9500	7,594	–	–	–	–	7,594	7,594	23.10.2003 – 22.10.2010
20.03.2001	4.3500	55,168	–	–	(6,896)	–	48,272	48,272	20.03.2004 – 19.03.2011
15.03.2002	3.2250	96,583	–	(68,110)	(2,117)	–	26,356	26,356	15.03.2005 – 14.03.2012
		182,335	–	(68,110)	(9,013)	–	105,212	105,212	

2006

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2006	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 2006	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2006	EXERCISE PERIOD
Part A									
05.03.1998	4.6087	6,509	–	–	–	–	6,509	6,509	05.03.2001 – 04.03.2008
19.11.1999	3.9856	7,526	–	(7,526)	–	–	–	–	19.11.2002 – 18.11.2009
17.03.2000	3.3500	8,955	–	–	(8,955)	–	–	–	17.03.2003 – 16.03.2010
23.10.2000	3.9500	7,594	–	(7,594)	–	–	–	–	23.10.2003 – 22.10.2010
20.03.2001	4.3500	48,272	–	(41,376)	(6,896)	–	–	–	20.03.2004 – 19.03.2011
15.03.2002	3.2250	26,356	–	(17,829)	–	–	8,527	8,527	15.03.2005 – 14.03.2012
		105,212	–	(74,325)	(15,851)	–	15,036	15,036	

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

18 EQUITY COMPENSATION BENEFITS (cont'd)

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

2005

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2005	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 2005	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2005	EXERCISE PERIOD
Part B									
05.03.1998	4.60875	15,186	–	–	–	(15,186)	–	–	05.03.2001 – 04.03.2005
02.04.1998	4.9527	27,830	–	–	(7,278)	(20,552)	–	–	02.04.2001 – 01.04.2005
05.03.1999	4.8321	40,436	–	–	–	–	40,436	40,436	05.03.2002 – 04.03.2006
19.11.1999	3.9856	47,670	–	–	–	–	47,670	47,670	19.11.2002 – 18.11.2006
17.03.2000	3.3500	122,625	–	(104,256)	–	–	18,369	18,369	17.03.2003 – 16.03.2007
23.10.2000	3.9500	5,570	–	–	–	–	5,570	5,570	23.10.2003 – 22.10.2007
14.03.2001	4.3250	120,231	–	–	–	–	120,231	120,231	14.03.2004 – 13.03.2008
20.03.2001	4.3500	133,151	–	–	(1,437)	–	131,714	131,714	20.03.2004 – 19.03.2008
04.12.2001	2.7350	153,787	–	(153,787)	–	–	–	–	04.12.2004 – 03.12.2008
15.03.2002	3.2250	395,639	–	(221,684)	(23,537)	–	150,418	150,418	15.03.2005 – 14.03.2009
		1,062,125	–	(479,727)	(32,252)	(35,738)	514,408	514,408	

2006

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2006	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 2006	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2006	EXERCISE PERIOD
Part B									
05.03.1999	4.8321	40,436	–	–	–	(40,436)	–	–	05.03.2002 – 04.03.2006
19.11.1999	3.9856	47,670	–	(47,670)	–	–	–	–	19.11.2002 – 18.11.2006
17.03.2000	3.3500	18,369	–	(10,414)	(7,955)	–	–	–	17.03.2003 – 16.03.2007
23.10.2000	3.9500	5,570	–	(5,570)	–	–	–	–	23.10.2003 – 22.10.2007
14.03.2001	4.3250	120,231	–	–	(50,867)	–	69,364	69,364	14.03.2004 – 13.03.2008
20.03.2001	4.3500	131,714	–	(74,190)	(30,810)	(20,690)	6,024	6,024	20.03.2004 – 19.03.2008
15.03.2002	3.2250	150,418	–	(33,119)	(28,358)	–	88,941	88,941	15.03.2005 – 14.03.2009
		514,408	–	(170,963)	(117,990)	(61,126)	164,329	164,329	

18 EQUITY COMPENSATION BENEFITS (cont'd)

(iii) Millennium & Copthorne Hotels Sharesave Scheme

2005

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2005	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 2005	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2005	EXERCISE PERIOD
05.05.1999	3.86748	13,626	–	–	–	(13,626)	–	–	01.07.2004 – 01.01.2005
09.05.2000	3.10000	16,845	–	(11,275)	(1,436)	–	4,134	4,134	01.07.2005 – 01.01.2006
08.05.2001	3.13600	28,897	–	–	–	(28,897)	–	–	01.07.2004 – 01.01.2005
08.05.2001	3.13600	22,806	–	–	(645)	–	22,161	–	01.07.2006 – 01.01.2007
21.05.2002	2.92000	41,037	–	(23,346)	(7,350)	–	10,341	10,341	01.07.2005 – 01.01.2006
21.05.2002	2.92000	24,247	–	–	(3,173)	–	21,074	–	01.07.2007 – 01.01.2008
28.04.2003	1.50400	126,637	–	–	(4,393)	–	122,244	–	01.07.2006 – 01.01.2007
28.04.2003	1.50400	143,050	–	–	(33,633)	–	109,417	–	01.07.2008 – 01.01.2009
20.04.2004	2.34000	64,019	–	–	(14,656)	–	49,363	–	01.07.2007 – 01.01.2008
20.04.2004	2.34000	31,152	–	–	(2,653)	–	28,499	–	01.07.2009 – 01.01.2010
23.03.2005	3.08000	–	74,112	–	(6,705)	–	67,407	–	01.07.2008 – 01.01.2009
23.03.2005	3.08000	–	43,341	–	(3,862)	–	39,479	–	01.07.2010 – 01.01.2011
		512,316	117,453	(34,621)	(78,506)	(42,523)	474,119	14,475	

2006

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE £	OPTIONS OUTSTANDING AS AT 1 JANUARY 2006	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 2006	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2006	EXERCISE PERIOD
09.05.2000	3.10000	4,134	–	–	–	(4,134)	–	–	01.07.2005 – 31.12.2005
08.05.2001	3.13600	22,161	–	(10,435)	(5,811)	–	5,915	5,915	01.07.2006 – 31.12.2006
21.05.2002	2.92000	10,341	–	–	–	(10,341)	–	–	01.07.2005 – 31.12.2005
21.05.2002	2.92000	21,074	–	–	(1,586)	–	19,488	–	01.07.2007 – 31.12.2007
28.04.2003	1.50400	122,244	–	(98,000)	(10,302)	–	13,942	13,942	01.07.2006 – 31.12.2006
28.04.2003	1.50400	109,417	–	(12,679)	(27,300)	(9,161)	60,277	–	01.07.2008 – 31.12.2008
20.04.2004	2.34000	49,363	–	–	(4,347)	–	45,016	–	01.07.2007 – 31.12.2007
20.04.2004	2.34000	28,499	–	–	(139)	(2,794)	25,566	–	01.07.2009 – 31.12.2009
23.03.2005	3.08000	67,407	–	–	(16,236)	–	51,171	–	01.07.2008 – 31.12.2008
23.03.2005	3.08000	39,479	–	–	(8,368)	–	31,111	–	01.07.2010 – 31.12.2010
19.06.2006	3.25000	–	73,728	–	(1,840)	–	71,888	–	01.08.2009 – 31.01.2010
19.06.2006	3.25000	–	43,677	–	(4,953)	–	38,724	–	01.08.2011 – 31.01.2012
		474,119	117,405	(121,114)	(80,882)	(26,430)	363,098	19,857	

(iv) 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	BALANCE AT END OF YEAR	EXERCISE PERIOD
01.09.2006	–	266,152	–	266,152	01.09.2009 – 31.08.2010

18 EQUITY COMPENSATION BENEFITS (cont'd)

For options exercised during 2006, the weighted average share price at the date of exercise is £4.70 (2005: £3.86). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2006 have an exercise price in the range of £1.504 to £3.25 and a weighted average contractual life of 6 years (2005: 8 years).

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

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

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

	DATE OF GRANT	OPTIONS GRANTED £	SHARE PRICE PREVAILING ON DATE OF GRANT £	EXERCISE PRICE £	FAIR VALUE £	EXPECTED TERM (YEARS)	EXPECTED VOLATILITY	EXPECTED DIVIDEND YIELD	RISK FREE INTEREST RATES
2006									
LTIP (directors)	01.09.2006	67,834	4.5175	Nil	4.293	3	–	1.70%	–
LTIP (non-directors)	01.09.2006	198,318	4.5175	Nil	4.293	3	–	1.70%	–
Sharesave Scheme (3 year)	01.08.2006	73,728	4.120	3.250	1.283	3.25	24.6%	1.87%	4.74%
Sharesave Scheme (5 year)	01.08.2006	43,677	4.120	3.250	1.620	5.25	32.3%	1.87%	4.71%
2005									
2003 Executive Share Option Scheme (directors)	24.03.2005	175,693	3.960	3.984	1.454	Note (b)	33.2%	1.58%	4.79%
2003 Executive Share Option Scheme (non-directors)	24.03.2005	582,623	3.960	3.984	1.276	Note (b)	33.2%	1.58%	4.79%
Sharesave Scheme (3 year)	23.03.2005	74,112	3.955	3.080	1.414	3.25	31.5%	1.58%	4.79%
Sharesave Scheme (5 year)	23.05.2005	43,341	3.955	3.080	1.659	5.25	33.6%	1.58%	4.79%

Note (a)

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

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

Note (b)

The expected volatility is based upon the movement in the share price over a certain period until the grant date. The length of the period reviewed commensurate with the expected term of the option granted.

Note (c)

The expected dividend yield is based upon dividends announced in the 12 months prior to grant calculated as a percentage of the share price on the date of grant.

19 INTEREST-BEARING BORROWINGS

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Term loans	20	**1,707,042**	2,173,722	**606,711**	530,845
Finance lease creditors	21	**6,561**	11,812	**20**	25
Bonds and notes	22	**1,557,215**	1,393,588	**517,799**	550,635
Bank loans	23	**75,281**	11,226	**75,281**	11,226
		3,346,099	3,590,348	**1,199,811**	1,092,731
Repayable:					
– Within 1 year		**1,029,152**	910,422	**610,427**	175,264
– After 1 year but within 5 years		**2,316,947**	2,679,926	**589,384**	917,467
		3,346,099	3,590,348	**1,199,811**	1,092,731

Interest-bearing borrowings are denominated in the following currencies:

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Singapore Dollar	**2,015,278**	2,050,867	**1,170,280**	1,060,532
United States Dollar	**611,385**	741,055	**–**	–
Sterling Pound	**340,402**	428,571	**–**	–
Others	**379,034**	369,855	**29,531**	32,199
	3,346,099	3,590,348	**1,199,811**	1,092,731

20 TERM LOANS

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Secured		**682,277**	1,114,112	**–**	–
Unsecured		**1,024,765**	1,059,610	**606,711**	530,845
	19	**1,707,042**	2,173,722	**606,711**	530,845
Repayable:					
– Within 1 year		**533,767**	611,123	**277,169**	131,040
– After 1 year but within 5 years		**1,173,275**	1,562,599	**329,542**	399,805
		1,707,042	2,173,722	**606,711**	530,845

The term loans are obtained from banks and financial institutions.

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Secured term loans				
Repayable:				
– Within 1 year	**256,083**	405,099	**–**	–
– After 1 year but within 5 years	**426,194**	709,013	**–**	–
	682,277	1,114,112	**–**	–

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

The Group's secured term loans bear interest at rates ranging from 3.38% to 8.17% (2005: 1.96% to 8.15%) per annum during the year.

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Unsecured term loans				
Repayable:				
– Within 1 year	**277,684**	206,024	**277,169**	131,040
– After 1 year but within 5 years	**747,081**	853,586	**329,542**	399,805
	1,024,765	1,059,610	**606,711**	530,845

The Group's unsecured term loans bear interest at rates ranging from 0.41% to 7.42% (2005: 0.41% to 5.29%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.54% to 4.77% (2005: 0.54% to 4.81%) per annum during the year.

21 FINANCE LEASE CREDITORS

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

	PRINCIPAL $'000	INTEREST $'000	PAYMENTS $'000
Group			
2006			
Repayable:			
– Within 1 year	6,351	1,109	7,460
– After 1 year but within 5 years	210	22	232
	6,561	1,131	7,692
2005			
Repayable:			
– Within 1 year	5,104	377	5,481
– After 1 year but within 5 years	6,708	374	7,082
	11,812	751	12,563
Company			
2006			
Repayable:			
– Within 1 year	5	1	6
– After 1 year but within 5 years	15	1	16
	20	2	22
2005			
Repayable:			
– Within 1 year	5	2	7
– After 1 year but within 5 years	20	2	22
	25	4	29

Under the terms of the lease agreements, no contingent rents are payable. The Group's and the Company's finance lease obligations bear interest at rates ranging from 2.70% to 7.96% (2005: 2.70% to 7.96%) and 6.51% (2005: 6.51%) per annum respectively during the year.

22 BONDS AND NOTES

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Secured		**475,194**	382,376	**–**	–
Unsecured		**1,082,021**	1,011,212	**517,799**	550,635
	19	**1,557,215**	1,393,588	**517,799**	550,635
Repayable:					
– Within 1 year		**413,753**	282,969	**257,972**	32,993
– After 1 year but within 5 years		**1,143,462**	1,110,619	**259,827**	517,642
		1,557,215	1,393,588	**517,799**	550,635
Secured bonds and notes					
Repayable:					
– Within 1 year		**125,780**	249,976	**–**	–
– After 1 year but within 5 years		**349,414**	132,400	**–**	–
		475,194	382,376	**–**	–

Secured bonds and notes comprise the following:

(i) KRW76 billion (approximately S$125 million) (2005: KRW80 billion (approximately S$132 million)) non-guaranteed secured notes (Notes) issued by a subsidiary bearing interest at rates of 4.95% to 5.69% (2005: 4.90%) per annum during the year are redeemable at their principal amounts in February 2007. These Notes are secured by a mortgage on the land and hotel building of a subsidiary and an assignment of insurance proceeds in respect of insurance over the said property; and

(ii) $350 million (2005: $250 million) medium term notes (MTNs) which comprise 4 series of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bear interest at 3.73% to 3.88% (2005: 4.815%) per annum and are secured by a mortgage over the commercial building and land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from January 2009 to October 2011 (2005: in January 2006).

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Unsecured bonds and notes				
Repayable:				
– Within 1 year	**287,973**	32,993	**257,972**	32,993
– After 1 year but within 5 years	**794,048**	978,219	**259,827**	517,642
	1,082,021	1,011,212	**517,799**	550,635

22 BONDS AND NOTES (cont'd)

Unsecured bonds and notes comprise:

(i) $518 million (2005: $551 million) MTNs which comprise 10 series of notes issued by the Company at various interest rates as part of a $700 million unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 2.35% to 5.50% (2005: 2.01% to 5.50%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from February 2007 to June 2010 (2005: from August 2006 to June 2010);

(ii) $564 million (2005: $460 million) MTNs which comprise 10 series of notes issued by a subsidiary as part of a $1 billion unsecured MTN programme established in 2002 bearing interest at rates ranging from 2.70% to 6.37% (2005: 2.70% to 5.72%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from June 2007 to April 2011 (2005: from June 2007 to June 2010).

23 BANK LOANS

		GROUP		COMPANY	
	NOTE	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Bank loans (unsecured) repayable within 1 year	19	**75,281**	11,226	**75,281**	11,226

Interest is charged at 0.31% to 3.96% (2005: 0.25% to 4.11%) per annum during the year.

24 EMPLOYEE BENEFITS

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Net liability for:				
– defined benefit obligations	**45,178**	45,877	**–**	–
– short-term accumulating compensated absences	**15,988**	15,245	**1,477**	1,191
– long service leave	**348**	357	**–**	–
	61,514	61,479	**1,477**	1,191
Repayable:				
– Within 12 months	**16,336**	15,602	**1,477**	1,191
– After 12 months	**45,178**	45,877	**–**	–
	61,514	61,479	**1,477**	1,191

24 EMPLOYEE BENEFITS (cont'd)

Net liability for defined benefit obligations

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Present value of unfunded obligations	**19,867**	567	**–**	–
Present value of funded obligations	**112,352**	122,496	**–**	–
Fair value of plan assets	**(87,041)**	(77,186)	**–**	–
Liability for defined benefit obligations	**45,178**	45,877	**–**	–

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

United Kingdom (UK)

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

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit cost method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2005 and this has been updated on an approximate basis to 31 December 2006. The contributions of the Group were 20.6% of pensionable salary until April 2006 when the contribution rate reduced to 20.5% of pensionable salary (2005: 20.6%). In addition, during the year the Group agreed an enhanced contribution to address the plan's deficit that resulted in an additional S$3.2 million (£1.1 million) per annum to be paid commencing April 2006. The contributions of employees were from 3% to 5% (2005: 3% to 5%) of pensionable salary.

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

Korea

The Group makes contributions to a defined benefit pension plan for its employees. The contributions required are determined by an external qualified actuary using the projected unit cost method. The most recent valuation was carried out on 31 December 2006. The contributions of the Group were 17% (2005: 13%) 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.

24 EMPLOYEE BENEFITS (cont'd)

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees. The contributions required are determined by an external qualified actuary using the projected unit cost method. The most recent valuation was carried out on 31 December 2006. The contributions of the Group were 6% (2005: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

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

	2006 UK %	2006 KOREA %	2006 TAIWAN %	2005 UK %	2005 KOREA %	2005 TAIWAN %
Inflation rate	3.10	2.30	–	2.90	3.00	–
Discount rate	5.23	5.00	2.50	4.80	5.70	3.50
Rate of salary increase	3.60	5.00	3.00	3.40	5.00	3.00
Rate of pension increases	3.10	–	–	2.90	–	–
Annual expected return on plan assets	6.17	4.00	2.50	5.77	4.00	3.50

The assumptions used by the actuary 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 value of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK plan assets for 2006 of 6.17% has been calculated using a 6.48% return on equity (representing 75% of the plan assets) and a 5.23% return on bonds (representing 25% of the plan assets).

	GROUP	
	2006 $'000	2005 $'000
Expense recognised in the income statement		
Current service costs	**5,503**	6,491
Interest on obligations	**5,833**	5,461
Expected return on plan assets	**(4,104)**	(3,689)
Defined benefit obligation expenses	**7,232**	8,263

The expense is recognised in the following line items in the income statement:

	2006 $'000	2005 $'000
Cost of sales	**2,342**	3,938
Administrative expenses	**4,690**	2,565
Other operating expenses	**200**	1,760
Defined benefit obligation expenses	**7,232**	8,263
Actual return on plan asset	**5,235**	10,077

24 EMPLOYEE BENEFITS (cont'd)

	GROUP 2006 $'000	GROUP 2005 $'000
Actuarial losses recognised directly in equity		
Cumulative amount at 1 January	**17,724**	10,443
Recognised during the year	**4,452**	7,281
Cumulative amount at 31 December	**22,176**	17,724
Changes in the present value of the defined benefit obligations		
Defined benefit obligations as at 1 January	**123,063**	112,989
Actuarial losses	**5,583**	13,669
Benefit paid	**(9,923)**	(10,095)
Interest cost	**5,833**	5,461
Service cost	**5,503**	6,491
Translation differences on consolidation	**2,160**	(5,452)
Defined benefit obligations at 31 December	**132,219**	123,063
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**77,186**	71,252
Expected return	**4,104**	3,689
Actuarial gains	**1,131**	6,388
Contributions by employer	**12,667**	9,287
Benefits paid	**(9,923)**	(10,095)
Translation differences on consolidation	**1,876**	(3,335)
Fair value of plan assets at 31 December	**87,041**	77,186

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

	GROUP 2006 $'000	GROUP 2005 $'000
Equity	**48,067**	42,788
Bonds	**15,465**	12,023
Cash	**23,509**	22,375
Fair value of plan assets	**87,041**	77,186

24 EMPLOYEE BENEFITS (cont'd)

Trend analysis

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

	2002 $'000	2003 $'000	2004 $'000	2005 $'000	2006 $'000
Present value of defined benefit obligations	(81,193)	(93,141)	(112,989)	(123,063)	**(132,219)**
Fair value of plan assets	49,991	61,993	71,252	77,186	**87,041**
Deficit in the plan	(31,202)	(31,148)	(41,737)	(45,877)	**(45,178)**
Experience adjustments on plan liabilities	2,728	(2,950)	(597)	(714)	**2,158**
Changes in assumptions underlying the present value of plan liabilities	(11,283)	1,812	(10,248)	(12,955)	**(7,741)**
Actual return less expected return on plan assets	(3,684)	3,479	402	6,388	**1,131**

25 OTHER LIABILITIES

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Advances from minority shareholders of subsidiaries (unsecured and interest charged at 1.5% (2005: 1.5%) per annum)	**125**	122	**–**	–
Deferred real estate tax payable in 10 equal annual instalments commencing in July 1999	**6,115**	8,728	**–**	–
Miscellaneous (principally deposits received and payables)	**14,619**	13,203	**–**	–
Rental deposits	**27,313**	20,666	**2,957**	2,037
Non-current retention sums payable	**7,649**	6,626	**7,113**	6,626
	55,821	49,345	**10,070**	8,663
Repayable:				
– Within 12 months	**2,498**	2,394	**–**	–
– After 12 months	**53,323**	46,951	**10,070**	8,663
	55,821	49,345	**10,070**	8,663

25 OTHER LIABILITIES (cont'd)

Other liabilities are denominated in the following currencies:

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Singapore Dollar	**33,428**	24,473	**10,070**	8,663
Korean Won	**12,589**	10,937	**–**	–
United States Dollar	**8,145**	10,995	**–**	–
Others	**1,659**	2,940	**–**	–
	55,821	49,345	**10,070**	8,663

26 PROVISIONS

	ONEROUS CONTRACTS $'000	CAPITAL EXPENDITURE $'000	TOTAL $'000
Group			
At 1 January 2006	5,868	4,367	10,235
Provisions made during the year	–	3,251	3,251
Provisions utilised during the year	(968)	(4,608)	(5,576)
Translation differences on consolidation	219	(225)	(6)
At 31 December 2006	5,119	2,785	7,904
Current			2,356
Non-current			5,548
			7,904

27 DEFERRED TAX LIABILITIES

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

	AT 1 JANUARY 2005 $'000	RECOGNISED IN INCOME STATEMENT $'000	RECOGNISED IN EQUITY $'000	TRANSFER TO PROVISION FOR TAXATION $'000
Group				
Deferred tax liabilities				
Property, plant and equipment	470,399	40,655	–	(2,647)
Financial assets	–	–	4,953	–
Development properties	(10,103)	5,484	–	–
Others	(5,057)	(5,123)	15	–
	455,239	41,016	4,968	(2,647)
Deferred tax assets				
Property, plant and equipment	–	–	–	–
Tax losses	(58,631)	(56)	–	–
Others	(9,086)	171	(329)	–
	(67,717)	115	(329)	–
	387,522	41,131	4,639	(2,647)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

TRANSLATION DIFFERENCES ON CONSOLIDATION $'000	AT 31 DECEMBER 2005 $'000	RECOGNISED IN INCOME STATEMENT $'000	RECOGNISED IN EQUITY $'000	TRANSFER TO PROVISION FOR TAXATION $'000	TRANSFER TO INVESTMENT IN AN ASSOCIATE $'000	TRANSLATION DIFFERENCES ON CONSOLIDATION $'000	AT 31 DECEMBER 2006 $'000
(6,117)	502,290	6,590	–	–	(840)	(15,130)	492,910
–	4,953	–	962	–	–	–	5,915
–	(4,619)	18,124	–	–	–	–	13,505
3,407	(6,758)	7,940	–	(36)	–	–	1,146
(2,710)	495,866	32,654	962	(36)	(840)	(15,130)	513,476
–	–	(35)	–	–	–	1	(34)
4,922	(53,765)	20,929	–	–	–	3,059	(29,777)
692	(8,552)	(12,884)	–	–	–	238	(21,198)
5,614	(62,317)	8,010	–	–	–	3,298	(51,009)
2,904	433,549	40,664	962	(36)	(840)	(11,832)	462,467

27 DEFERRED TAX LIABILITIES (cont'd)

	AT 1 JANUARY 2005 $'000	RECOGNISED IN INCOME STATEMENT $'000	RECOGNISED IN EQUITY $'000	AT 31 DECEMBER 2005 $'000	RECOGNISED IN INCOME STATEMENT $'000	RECOGNISED IN EQUITY $'000	AT 31 DECEMBER 2006 $'000
Company							
Deferred tax liabilities							
Property, plant and equipment	20,162	(544)	–	19,618	(16,104)	–	3,514
Financial assets	–	–	4,442	4,442	–	366	4,808
Development properties	(10,103)	5,484	–	(4,619)	18,124	–	13,505
Others	847	134	15	996	132	–	1,128
	10,906	5,074	4,457	20,437	2,152	366	22,955

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 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Deferred tax assets	9	**4,800**	–	**–**	–
Deferred tax liabilities		**(467,267)**	(433,549)	**(22,955)**	(20,437)
		(462,467)	(433,549)	**(22,955)**	(20,437)

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 2006 $'000	GROUP 2005 $'000
Deductible temporary differences	**103,007**	102,270
Tax losses	**116,581**	135,448
	219,588	237,718

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

The tax losses with expiry dates are as follows:

	GROUP 2006 $'000	GROUP 2005 $'000
Expiry dates		
– Within 1 to 5 years	**902**	4,329
– After 5 years	**–**	8,369
	902	12,698

28 TRADE AND OTHER PAYABLES

	NOTE	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Trade payables		**137,050**	100,271	**9,278**	7,768
Accruals		**286,332**	295,109	**109,451**	135,810
Other payables		**54,685**	57,405	**2,869**	825
Rental and other deposits		**38,851**	32,545	**12,755**	6,854
Retention sums payable		**9,812**	31,486	**9,089**	9,914
Amounts owing to:					
– subsidiaries	5	**–**	–	**383,328**	593,845
– an associate	6	**5,222**	–	**8**	–
– jointly-controlled entities	7	**40,479**	72,701	**15,475**	15,475
– fellow subsidiaries	13	**210**	963	**–**	299
		572,641	590,480	**542,253**	770,790

Trade and other payables are denominated in the following currencies:

	GROUP 2006 $'000	GROUP 2005 $'000	COMPANY 2006 $'000	COMPANY 2005 $'000
Singapore Dollar	**289,429**	319,956	**461,664**	685,641
United States Dollar	**107,718**	115,739	**67,251**	71,834
Sterling Pound	**62,229**	56,808	**54**	53
Others	**113,265**	97,977	**13,284**	13,262
	572,641	590,480	**542,253**	770,790

29 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 of sale proceeds of commercial and residential properties and projects under development.

	GROUP	
	2006 $'000	2005 $'000
Hotel operations	**1,846,378**	1,803,256
Property development	**484,980**	365,045
Rental and car park income	**168,066**	160,072
Gross dividends from investments		
– fellow subsidiaries		
– quoted	**2,502**	4,214
– unquoted	**2,532**	3,375
– others		
– quoted equity investments	**2,901**	854
– unquoted equity investments	**1,712**	693
Others	**37,733**	36,770
	2,546,804	2,374,279

30 PROFIT BEFORE INCOME TAX

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

	GROUP	
	2006 $'000	2005 $'000
Other operating income		
Business interruption insurance proceeds	**15,928**	39,788
Exchange gain (net)	**6,043**	–
Management fees and miscellaneous income	**11,762**	7,286
Profit on sale of investments	**205**	–
Profit on sale of long leasehold interests in hotels and property, plant and equipment	**153,581**	21,507
	187,519	68,581

30 PROFIT BEFORE INCOME TAX (cont'd)

	GROUP 2006 $'000	GROUP 2005 $'000
Staff costs		
Wages and salaries	**734,790**	717,006
Contributions to defined contribution plans	**16,340**	18,087
Increase in liability for defined benefit plans	**7,232**	8,263
Value of employee services received for issue of share options	**1,822**	1,789
(Decrease)/Increase in liability for long service leave	**(23)**	237
Increase in liability for short-term accumulating compensated absences	**164**	799
	760,325	746,181
Less:		
Staff costs capitalised in:		
– development properties	**(1,039)**	(1,371)
– property, plant and equipment	**(73)**	(67)
	759,213	744,743
Other expenses		
Allowance for doubtful receivables made		
– trade	**796**	420
– non-trade	**3,133**	1,546
Allowance for foreseeable losses on development properties written back	**(38,561)**	(7,296)
Amortisation of intangible assets	**14**	14
Amortisation of upfront premiums on long leasehold land of hotel properties	**2,314**	2,490
Depreciation of property, plant and equipment	**149,744**	162,230
Exchange loss (net)	**–**	1,557
Impairment losses for property, plant and equipment	**9,220**	24,530
Loss on liquidation of a jointly-controlled entity	**1,247**	–
Non-audit fees		
– auditors of the Company	**503**	314
– other auditors of the subsidiaries	**1,801**	1,789
Operating lease expenses	**37,944**	11,952
Property, plant and equipment written off	**3,429**	758

30 PROFIT BEFORE INCOME TAX (cont'd)

	GROUP	
	2006 $'000	2005 $'000
Finance income		
Interest income		
– fellow subsidiaries	**721**	226
– fixed deposits with financial institutions	**24,827**	19,386
– jointly-controlled entities	**6,093**	6,065
– others	**1,303**	1,249
Marked-to-market gain on financial assets held for trading (net)	**8,919**	1,286
Others	**605**	57
Total finance income	**42,468**	28,269
Finance costs		
Interest expense		
– banks	**82,174**	97,960
– bonds and notes	**66,278**	59,920
– others	**4,619**	1,925
Amortisation of transaction costs capitalised	**3,633**	5,971
Total finance costs	**156,704**	165,776
Finance costs capitalised in development properties and property, plant and equipment	**(17,986)**	(14,498)
Finance costs charged to income statement	**138,718**	151,278
Net finance costs	**(96,250)**	(123,009)

Included in marked-to-market gain on financial assets held for trading is a gain of $5,998,000 (2005: loss of $1,141,000) recognised on shares of a listed subsidiary 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 subsidiary, the relevant portion of equity represented is not consolidated.

Finance costs of the Group and the Company have been capitalised at rates ranging from 0.37% to 6.00% (2005: 0.29% to 3.79%) and 0.37% to 4.77% (2005: 0.29% to 3.79%) per annum respectively for development properties and property, plant and equipment.

31 INCOME TAX EXPENSE

	GROUP 2006 $'000	GROUP 2005 $'000
Current tax expense		
Current year	**96,378**	78,526
Overprovision in respect of prior years	**(7,730)**	(24,917)
	88,648	53,609
Deferred tax expense		
Movements in temporary differences	**39,853**	35,180
Effect of change in tax rates	**18**	4,247
Underprovision in respect of prior years	**5,575**	1,704
Recognition of previously unrecognised deferred tax assets	**(4,782)**	–
	40,664	41,131
Income tax expense	**129,312**	94,740
Reconciliation of effective tax rate		
Profit before taxation	**692,278**	403,862
Income tax using Singapore tax rate of 20% (2005: 20%)	**138,456**	80,772
Income not subject to tax	**(59,720)**	(24,426)
Expenses not deductible for tax purposes	**25,288**	33,742
Effect of changes in tax rates	**18**	4,247
Effect of different tax rates in other countries	**28,596**	27,682
Effect of share of results of jointly-controlled entities	**2,646**	4,631
Tax exempt income	**(3,173)**	(962)
Unrecognised deferred tax assets	**7,388**	7,953
Tax effect of losses not allowed to be set off against future taxable profits	**2,425**	136
Tax incentives	**(32)**	(9,671)
Utilisation of previously unrecognised deferred tax assets	**(5,643)**	(6,151)
Overprovision in respect of prior years	**(2,155)**	(23,213)
Recognition of previously unrecognised deferred tax assets	**(4,782)**	–
	129,312	94,740

32 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	GROUP 2006 $'000	GROUP 2005 $'000
Profit attributable to shareholders	**351,659**	200,397
Less:		
Dividends on non-redeemable preference shares	**(12,904)**	(12,904)
Profit attributable to ordinary shareholders after deduction of non-cumulative preference dividends	**338,755**	187,493

	GROUP 2006 NUMBER OF SHARES	GROUP 2005 (RESTATED) NUMBER OF SHARES
Weighted average number of ordinary shares outstanding during the year	**903,756,707**	882,753,739
Bonus element of warrants exercised in 2006	**11,657,443**	15,197,217
Bonus element of warrants exercised in 2005	**–**	4,142,362
Weighted average number of ordinary shares	**915,414,150**	902,093,318
Basic earnings per share	**37.0 cents**	20.8 cents

Diluted earnings per share is based on:

	GROUP 2006 $'000	GROUP 2005 $'000
Profit attributable to shareholders after deduction of non-cumulative preference dividends	**338,755**	187,493
Add:		
Dividends on non-redeemable preference shares	**12,904**	–
Net profit used for computing diluted earnings per share	**351,659**	187,493

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the exercise of all outstanding bonus warrants and conversion of the non-redeemable convertible non-cumulative preference shares, with the potential ordinary shares weighted for the period outstanding.

32 EARNINGS PER SHARE (cont'd)

The effect of the potential ordinary shares on the weighted average number of ordinary shares in issue is as follows:

	GROUP 2006 NUMBER OF SHARES	GROUP 2005 (RESTATED) NUMBER OF SHARES
Weighted average number of ordinary shares issued used in the calculation of basic earnings per share	**915,414,150**	902,093,318
Potential ordinary shares issuable under warrants	**–**	14,346,249
Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares	**44,998,898**	–
Weighted average number of ordinary shares issued and potential shares assuming full conversion	**960,413,048**	916,439,567
Diluted earnings per share	**36.6 cents**	20.5 cents

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

33 DIVIDENDS

	COMPANY 2006 $'000	COMPANY 2005 $'000
Special final ordinary dividend paid of 5.0 cents per ordinary share less tax at 20% in respect of financial year ended 31 December 2005	**36,338**	–
Final ordinary dividend paid of 7.5 cents (2005: 7.5 cents) per ordinary share less tax at 20% (2005: 20%) in respect of financial year ended 31 December 2005	**54,507**	52,786
Special interim ordinary dividend paid of 7.5 cents per ordinary share less tax at 20% in respect of financial year ended 31 December 2006	**54,558**	–
Non-cumulative preference dividend paid of 2.41 cents (2005: 2.41 cents) per preference share less tax at 20% (2005: 20%)	**6,386**	6,399
Non-cumulative preference dividend declared of 2.46 cents (2005: 2.46 cents) per preference share less tax at 20% (2005: 20%)	**6,518**	6,505
	158,307	65,690

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

	COMPANY 2006 $'000	COMPANY 2005 $'000
Final ordinary dividend of 7.5 cents (2005: 7.5 cents) per ordinary share less tax at 18% (2005: 20%)	**55,922**	53,328
Special final ordinary dividend of 10.0 cents (2005: 5.0 cents) per ordinary share less tax at 18% (2005: 20%)	**74,563**	35,552
	130,485	88,880

34 ACQUISITION OF SUBSIDIARIES

On 30 November 2006, the Group acquired the remaining 50% interest in three foreign jointly-controlled entities in the business of hotel operations for a consideration of $51,934,000. In December 2006, these entities contributed a net loss of $1,289,000 to the consolidated profit for the year. If the acquisition had occurred on 1 January 2006, the Group's revenue and profit for the year would have been $2,563,956,000 and $559,384,000 respectively.

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

	CARRYING AMOUNTS 2006 $'000	FAIR VALUE ADJUSTMENTS 2006 $'000	RECOGNISED VALUES 2006 $'000
Property, plant and equipment	126,145	20,059	146,204
Consumable stocks	464	–	464
Trade debtors	1,712	–	1,712
Other current assets	4,621	–	4,621
Cash at bank	3,260	–	3,260
Trade and other payables	(10,067)	–	(10,067)
Amount owing to shareholders*	(79,359)	–	(79,359)
Long term loan (secured)	(59,284)	–	(59,284)
Net identifiable (liabilities)/assets	(12,508)	20,059	7,551
Amounts previously accounted for as jointly-controlled entities			4,704
Additional shareholder's loan acquired			39,679
Cash consideration paid, satisfied in cash			51,934
Cash acquired			(3,260)
Net cash outflow			48,674

* This amount is eliminated on consolidations. Since the Group ultimately owns 100% of the shareholders' loans, there is no shareholders' loan on consolidation.

34 ACQUISITION OF SUBSIDIARIES (cont'd)

On 20 August 2005, the Group acquired the remaining 50% interest in its jointly-controlled entity, Edenspring Properties Pte Ltd, for a consideration of $1. In the four months to 31 December 2005, the company contributed a net profit of $25,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2005, the Group's revenue and profit for that year would have been $2,374,579,000 and $308,841,000 respectively.

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

	CARRYING AMOUNTS AND FAIR VALUE 2005 $'000
Property, plant and equipment	9
Development property	26,601
Other current assets	54
Cash at bank	74
Other current liabilities	(302)
Amount owing to shareholders*	(10,854)
Bank loan (secured)	(17,250)
Net identifiable assets and liabilities	(1,668)
Amounts previously accounted for as jointly-controlled entity	834
Additional shareholder's loan acquired	5,427
	4,593
Cash consideration paid, satisfied in cash	–
Cash acquired	(74)
Net cash outflow	4,519

* This amount is eliminated on consolidations. Since the Group ultimately owns 100% of the shareholders' loan, there is no shareholders' loan on consolidation.

The carrying amount of identifiable assets and liabilities immediately before the combination approximates the fair value at the date of acquisition.

35 COMMITMENTS

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

	GROUP		COMPANY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Development expenditure contracted but not provided for in the financial statements	**634,480**	216,172	**410,608**	210,979
Capital expenditure contracted but not provided for in the financial statements	**13,727**	31,017	**–**	–
Commitment in respect of purchase of properties for which deposits have been paid	**382,097**	55,031	**–**	55,031

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

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

	GROUP		COMPANY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Within 1 year	**85,064**	41,689	**3,509**	6,533
After 1 year but within 5 years	**275,509**	131,488	**2,147**	8,488
After 5 years	**642,956**	131,858	**–**	–
	1,003,529	305,035	**5,656**	15,021

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit, of $25,798,000 (2005: $9,146,000) for the Group have been recognised as an expense in the income statement during the year.

35 COMMITMENTS (cont'd)

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

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Within 1 year	**137,161**	105,445	**13,722**	11,680
After 1 year but within 5 years	**169,364**	111,697	**12,879**	6,148
After 5 years	**11,283**	–	**–**	–
	317,808	217,142	**26,601**	17,828

Contingent rents, generally determined based on a percentage of tenants' revenue, of $77,000 (2005: $79,000) and $42,000 (2005: $31,000) have been recognised as income by the Group and the Company respectively in the income statement during the year.

(c) Certain subsidiaries of the Group have obligations with the relevant authorities in Malaysia to reduce their present 100% interest in two hotel-owning subsidiaries to 51%, by sale of equity to Malaysians by June 2006 in one case and June 2007 in the other. A further extension for former divestment to 31 December 2007 has been obtained on 7 August 2006.

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

The subsidiary has also committed to the MOEA:

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

– to pay an annual royalty to the MOEA at 6.25% of the annual gross revenue of the hotel, with a minimum sum of NT$195 million (approximately S$9.4 million) (2005: NT$195 million (approximately S$9.9 million)). In the event that the subsidiary terminates the hotel assistance and management agreement, the royalty is to be increased to 8.25% of the annual gross revenue of the hotel, subject to a minimum sum of NT$257.4 million (approximately S$12.4 million) (2005: NT$257.4 million (approximately S$13.1 million)).

(e) In the previous financial year, a subsidiary, CDL Hotels (Korea) Ltd., had entered into a hotel lease agreement for the period from 1 January 2006 to 31 December 2015. Under the terms of the lease agreement, the subsidiary has committed to incur capital expenditure for an amount up to KRW1.96 billion (approximately S$3.2 million) (2006: KRW1.4 billion (approximately S$2.3 million)).

36 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	GROUP		COMPANY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Rental received and receivable from:				
– subsidiaries	**–**	–	**982**	1,208
– fellow subsidiaries	**772**	751	**38**	29
– an associate	**189**	–	**189**	–
	961	751	**1,209**	1,237
Management services fees received and receivable from:				
– subsidiaries	**–**	–	**1,785**	2,017
– fellow subsidiaries	**1,347**	1,122	**1,071**	1,076
– jointly-controlled entities	**11,800**	8,763	**10,608**	5,242
– an associate	**3,531**	–	**19**	–
	16,678	9,885	**13,483**	8,335

36 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Maintenance services fees received and receivable from:				
– fellow subsidiaries	**109**	79	**–**	–
– jointly-controlled entities	**608**	597	**–**	–
	717	676	**–**	–
Rental paid and payable to:				
– subsidiaries	**–**	–	**3,745**	5,322
– jointly-controlled entities	**460**	376	**–**	–
– an associate	**26,408**	–	**–**	–
	26,868	376	**3,745**	5,322
Management services fees paid and payable to:				
– immediate and ultimate holding company	**447**	–	**–**	–
– subsidiaries	**–**	–	**1,583**	2,229
– a fellow subsidiary	**–**	316	**–**	–
	447	316	**1,583**	2,229
Maintenance services fees paid and payable to subsidiaries	**–**	–	**1,941**	1,762
Sale of properties to:				
– key management personnel and their immediate families by jointly-controlled entities	**27,520**	–	**27,520**	–
– key management personnel and their immediate families by a joint venture in which the Company is a venturer	**1,993**	–	**1,993**	–
– a key management personnel and his immediate family	**–**	651	**–**	651
	29,513	651	**29,513**	651

36 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Sale of long leasehold interests in hotels and property, plant and equipment to:				
– a subsidiary	**–**	–	**1,504**	–
– an associate	**846,300**	–	**234,100**	–
	846,300	–	**235,604**	–
Short-term employee benefits paid and payable to key management personnel	**12,281**	14,086	**11,618**	7,875
Professional fees paid and payable to firms of which directors of the Company are members:				
– charged to income statement	**147**	131	**8**	120
– included as cost of property, plant and equipment and cost of development properties	**333**	70	**329**	67
	480	201	**337**	187

37 CONTINGENT LIABILITIES (UNSECURED)

As at the balance sheet date, the Group and the Company have the following indemnities and guarantees in issue:

	GROUP		COMPANY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Guarantee issued on behalf of a subsidiary which will expire in 2008	**–**	–	**37,112**	43,026
Indemnities given to financial institutions for performance guarantees issued on behalf of:				
– subsidiaries	**–**	–	**120,710**	78,358
– a jointly-controlled entity	**4,391**	17,565	**4,391**	17,565
	4,391	17,565	**162,213**	138,949

38 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Credit risk

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

Transactions involving financial instruments are entered into only with counterparties that are of acceptable credit quality.

In relation to the financial guarantee contracts issued by the Company on behalf of its subsidiaries or jointly-controlled entities, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary or jointly-controlled entity. The intra-group financial guarantees are eliminated in preparing the consolidated financial statements.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

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

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

38 FINANCIAL INSTRUMENTS (cont'd)

Interest rate risk

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

At 31 December 2006, the Group did not have interest rate swaps.

Effective interest rates and repricing analysis

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

	NOTE	EFFECTIVE INTEREST RATE PER ANNUM %	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE MATURING WITHIN 1 YEAR $'000	1 TO 2 YEARS $'000	2 TO 3 YEARS $'000	3 TO 4 YEARS $'000	4 TO 5 YEARS $'000	AFTER 5 YEARS $'000	TOTAL $'000
Group										
2006										
Financial assets										
Cash and cash equivalents		0.50 to 7.70	38,463	672,914	–	–	–	–	–	711,377
Amounts owing by jointly-controlled entities	7	0.60 to 4.50	–	446,679	–	–	–	–	13,755	460,434
Investments in debt securities held for trading	8	2.62 to 6.00	–	2,837	6,972	1,133	489	839	–	12,270
Balance carried forward			38,463	1,122,430	6,972	1,133	489	839	13,755	1,184,081

38 FINANCIAL INSTRUMENTS (cont'd)

				FIXED INTEREST RATE MATURING						
	NOTE	EFFECTIVE INTEREST RATE PER ANNUM %	FLOATING INTEREST RATE $'000	WITHIN 1 YEAR $'000	1 TO 2 YEARS $'000	2 TO 3 YEARS $'000	3 TO 4 YEARS $'000	4 TO 5 YEARS $'000	AFTER 5 YEARS $'000	TOTAL $'000
Group										
2006										
Balance										
brought forward			38,463	1,122,430	6,972	1,133	489	839	13,755	1,184,081
Financial liabilities										
Bank overdrafts	14	7.90 to 8.30	(2,319)	–	–	–	–	–	–	(2,319)
Term loans	20									
– secured		3.97 to 8.17	(682,277)	–	–	–	–	–	–	(682,277)
– unsecured		0.49 to 7.42	(1,024,765)	–	–	–	–	–	–	(1,024,765)
Finance lease										
creditors	21	2.70 to 7.96	–	(6,351)	(8)	(7)	(195)	–	–	(6,561)
Bonds and notes	22									
– secured		3.73 to 5.64	(125,780)	–	–	(149,817)	–	(199,597)	–	(475,194)
– unsecured		2.35 to 6.37	(602,214)	(219,981)	(49,986)	(49,947)	(159,893)	–	–	(1,082,021)
Bank loans										
(unsecured)	23	0.66 to 3.71	(75,281)	–	–	–	–	–	–	(75,281)
Advances from minority										
shareholders of										
subsidiaries	25	1.50	–	(125)	–	–	–	–	–	(125)
			(2,512,636)	(226,457)	(49,994)	(199,771)	(160,088)	(199,597)	–	(3,348,543)
Total			(2,474,173)	895,973	(43,022)	(198,638)	(159,599)	(198,758)	13,755	(2,164,462)
2005										
Financial assets										
Cash and cash equivalents		0.10 to 7.53	60,029	368,190	–	–	–	–	–	428,219
Amounts owing by										
jointly-controlled										
entities	7	0.60 to 4.50	–	522,007	–	–	–	–	–	522,007
Investments in debt										
securities held										
for trading	8	6.00	–	41	–	–	–	–	–	41
Balance										
carried forward			60,029	890,238	–	–	–	–	–	950,267

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

38 FINANCIAL INSTRUMENTS (cont'd)

	NOTE	EFFECTIVE INTEREST RATE PER ANNUM %	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE MATURING WITHIN 1 YEAR $'000	1 TO 2 YEARS $'000	2 TO 3 YEARS $'000	3 TO 4 YEARS $'000	4 TO 5 YEARS $'000	AFTER 5 YEARS $'000	TOTAL $'000
Group										
2005										
Balance										
brought forward			60,029	890,238	–	–	–	–	–	950,267
Financial liabilities										
Bank overdrafts	14	7.50 to 8.00	(2,815)	–	–	–	–	–	–	(2,815)
Term loans	20									
– secured		3.30 to 8.15	(1,114,112)	–	–	–	–	–	–	(1,114,112)
– unsecured		0.43 to 5.29	(1,059,610)	–	–	–	–	–	–	(1,059,610)
Finance lease										
creditors	21	2.70 to 7.96	–	(5,104)	(6,688)	(9)	(7)	(4)	–	(11,812)
Bonds and notes	22									
– secured		4.82 to 4.90	(132,400)	(249,976)	–	–	–	–	–	(382,376)
– unsecured		2.35 to 5.50	(518,554)	(12,997)	(219,898)	(49,973)	(49,929)	(159,861)	–	(1,011,212)
Bank loans										
(unsecured)	23	0.34 to 0.38	(11,226)	–	–	–	–	–	–	(11,226)
Advances from minority										
shareholders of										
subsidiaries	25	1.50	–	(122)	–	–	–	–	–	(122)
			(2,838,717)	(268,199)	(226,586)	(49,982)	(49,936)	(159,865)	–	(3,593,285)
Total			(2,778,688)	622,039	(226,586)	(49,982)	(49,936)	(159,865)	–	(2,643,018)

38 FINANCIAL INSTRUMENTS (cont'd)

	NOTE	EFFECTIVE INTEREST RATE PER ANNUM %	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE MATURING WITHIN 1 YEAR $'000	1 TO 2 YEARS $'000	2 TO 3 YEARS $'000	3 TO 4 YEARS $'000	4 TO 5 YEARS $'000	AFTER 5 YEARS $'000	TOTAL $'000
Company										
2006										
Financial assets										
Cash and cash equivalents		2.95 to 5.26	–	87,056	–	–	–	–	–	87,056
Amounts owing by:										
– subsidiaries	5	0.67 to 3.97	60,753	326,703	–	–	–	–	–	387,456
– jointly-controlled entities	7	1.50 to 2.50	–	384,981	–	–	–	–	–	384,981
			60,753	798,740	–	–	–	–	–	859,493
Financial liabilities										
Term loans (unsecured)	20	3.96 to 4.57	(606,711)	–	–	–	–	–	–	(606,711)
Finance lease creditor	21	6.51	–	(5)	(6)	(6)	(3)	–	–	(20)
Bonds and notes (unsecured)	22	2.35 to 5.50	(67,992)	(189,980)	(49,986)	(49,947)	(159,894)	–	–	(517,799)
Bank loans (unsecured)	23	0.66 to 3.71	(75,281)	–	–	–	–	–	–	(75,281)
			(749,984)	(189,985)	(49,992)	(49,953)	(159,897)	–	–	(1,199,811)
Total			(689,231)	608,755	(49,992)	(49,953)	(159,897)	–	–	(340,318)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

38 FINANCIAL INSTRUMENTS (cont'd)

	NOTE	EFFECTIVE INTEREST RATE PER ANNUM %	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE MATURING WITHIN 1 YEAR $'000	1 TO 2 YEARS $'000	2 TO 3 YEARS $'000	3 TO 4 YEARS $'000	4 TO 5 YEARS $'000	AFTER 5 YEARS $'000	TOTAL $'000
Company										
2005										
Financial assets										
Cash and										
cash equivalents		2.06 to 4.27	–	127,495	–	–	–	–	–	127,495
Amounts owing by:										
– subsidiaries	5	0.48 to 3.36	44,285	77,724	–	–	–	–	–	122,009
– jointly-controlled										
entities	7	1.50 to 2.50	–	418,566	–	–	–	–	–	418,566
			44,285	623,785	–	–	–	–	–	668,070
Financial liabilities										
Term loans										
(unsecured)	20	0.54 to 4.24	(530,845)	–	–	–	–	–	–	(530,845)
Finance lease creditor	21	6.51	–	(5)	(5)	(6)	(6)	(3)	–	(25)
Bonds and notes										
(unsecured)	22	2.35 to 5.50	(87,960)	(12,997)	(189,915)	(49,973)	(49,929)	(159,861)	–	(550,635)
Bank loans										
(unsecured)	23	0.34 to 0.38	(11,226)	–	–	–	–	–	–	(11,226)
			(630,031)	(13,002)	(189,920)	(49,979)	(49,935)	(159,864)	–	(1,092,731)
Total			(585,746)	610,783	(189,920)	(49,979)	(49,935)	(159,864)	–	(424,661)

38 FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk

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

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

As at 31 December 2006, a subsidiary has outstanding forward exchange contracts with notional amounts of approximately HK$107 million (approximately S$21 million) (2005: $Nil).

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are recognised in the income statement (see Note 2.6). The net fair value of forward exchange contracts used by the subsidiary as economic hedges of monetary assets and liabilities in foreign currencies at 31 December 2006 was HK$475,000 (approximately S$94,000) (2005: $Nil). These amounts are recognised as derivative financial instruments in the balance sheet.

Estimation of fair values

Investments in equity and debt securities

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

Amounts owing by subsidiaries, associates and jointly-controlled entities

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

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is 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.

38 FINANCIAL INSTRUMENTS (cont'd)

Other financial assets and liabilities

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 advances from minority shareholders of subsidiaries) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Recognised financial instruments

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

	2006 CARRYING AMOUNT $'000	2006 FAIR VALUE $'000	2005 CARRYING AMOUNT $'000	2005 FAIR VALUE $'000
Group				
Financial assets				
Amounts owing by jointly-controlled entities	**13,755**	**8,859**	–	–
Deposit receivables	**3,993**	**3,883**	–	–
	17,748	**12,742**	–	–
Financial liabilities				
Term loans				
– secured	**–**	**–**	(669,137)	(668,173)
– unsecured	**–**	**–**	(439,906)	(438,300)
Finance lease creditors	**(6,535)**	**(6,427)**	(11,778)	(12,349)
Bonds and notes				
– secured	**(349,414)**	**(350,040)**	–	–
– unsecured	**(259,827)**	**(255,568)**	(923,252)	(915,293)
– long-term deposits	**(14,339)**	**(11,351)**	(13,204)	(10,545)
	(630,115)	**(623,386)**	(2,057,277)	(2,044,660)
	(612,367)	**(610,644)**	(2,057,277)	(2,044,660)
Unrecognised gains		**1,723**		12,617

38 FINANCIAL INSTRUMENTS (cont'd)

	2006 CARRYING AMOUNT $'000	2006 FAIR VALUE $'000	2005 CARRYING AMOUNT $'000	2005 FAIR VALUE $'000
Company				
Financial asset				
Amounts owing by subsidiaries	**48,031**	**44,603**	–	–
Financial liability				
Bonds and notes (unsecured)	**(259,827)**	**(255,568)**	(462,675)	(458,673)
	(211,796)	**(210,965)**	(462,675)	(458,673)
Unrecognised gains		**831**		4,002

39 SEGMENT REPORTING

Business Segments

	PROPERTY DEVELOPMENT $'000	HOTEL OPERATIONS $'000	RENTAL PROPERTIES $'000	OTHERS $'000	TOTAL $'000
2006					
Revenue	484,980	1,846,378	168,066	47,380	2,546,804
Segment results	132,430	387,796	22,535	34,649	577,410
Share of after-tax profit of an associate and jointly-controlled entities	93,381	8,802	7,512	5,173	114,868
Profit before income tax	225,811	396,598	30,047	39,822	692,278
Income tax expense					(129,312)
Profit for the year					562,966
Significant Non-Cash Transactions					
Depreciation	372	99,429	48,242	1,701	149,744
Amortisation	204	5,140	570	47	5,961
Impairment losses	–	10,042	(822)	–	9,220

39 SEGMENT REPORTING (cont'd)

	PROPERTY DEVELOPMENT $'000	HOTEL OPERATIONS $'000	RENTAL PROPERTIES $'000	OTHERS $'000	TOTAL $'000
2005					
Revenue	365,045	1,803,256	160,072	45,906	2,374,279
Segment results	103,842	204,416	24,913	12,066	345,237
Share of after-tax profit of jointly-controlled entities	47,385	8,587	2,653	–	58,625
Profit before income tax	151,227	213,003	27,566	12,066	403,862
Income tax expense					(94,740)
Profit for the year					309,122
Significant Non-Cash Transactions					
Depreciation	1,737	112,604	46,178	1,711	162,230
Amortisation	336	6,969	1,093	77	8,475
Impairment losses	–	31,661	(7,131)	–	24,530

39 SEGMENT REPORTING (cont'd)

	PROPERTY DEVELOPMENT $'000	HOTEL OPERATIONS $'000	RENTAL PROPERTIES $'000	OTHERS $'000	TOTAL $'000
2006					
Assets and Liabilities					
Segment assets	2,663,888	4,968,210	2,622,923	338,540	10,593,561
Investment in an associate	–	(111,846)	228,836	–	116,990
Investments in jointly-controlled entities	188,395	98,104	12,237	(9,722)	289,014
	2,852,283	4,954,468	2,863,996	328,818	10,999,565
Deferred tax assets					4,800
Total assets					11,004,365
Segment liabilities	1,264,360	1,709,992	988,628	83,318	4,046,298
Deferred tax liabilities					467,267
Provision for taxation					110,701
Total liabilities					4,624,266
Capital expenditure	2,634	128,481	44,593	2,453	178,161
2005					
Assets and Liabilities					
Segment assets	2,471,009	5,051,595	2,829,868	403,400	10,755,872
Investments in jointly-controlled entities	(4,636)	71,689	11,154	61,063	139,270
Total assets	2,466,373	5,123,284	2,841,022	464,463	10,895,142
Segment liabilities	984,790	2,257,139	968,057	94,716	4,304,702
Deferred tax liabilities					433,549
Provision for taxation					81,630
Total liabilities					4,819,881
Capital expenditure	10,354	173,756	92,290	4,239	280,639

39 SEGMENT REPORTING (cont'd)

Geographical Segments

	EAST AND SOUTH EAST ASIA $'000	NORTH AMERICA AND EUROPE $'000	AUSTRALIA AND NEW ZEALAND $'000	TOTAL $'000
2006				
Revenue	1,164,184	1,188,178	194,442	2,546,804
Segment assets	7,059,291	3,505,668	434,606	10,999,565
Capital expenditure	111,724	55,829	10,608	178,161
2005				
Revenue	1,023,500	1,171,627	179,152	2,374,279
Segment assets	7,637,658	3,175,939	81,545	10,895,142
Capital expenditure	185,960	72,356	22,323	280,639

40 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- FRS 40 *Investment Property*
- FRS 107 *Financial Instruments*: Disclosures and the Amendment to FRS 1 *Presentation of Financial Statements: Capital Disclosures*
- INT FRS 107 *Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies*
- INT FRS 108 *Scope of FRS 102 Share-based Payment*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 110 *Interim Financial Reporting and Impairment*

FRS 40, which becomes mandatory for the financial statements of the Group from the year commencing 1 January 2007, permits investment properties (currently included in property, plant and equipment) to be stated at either fair value or cost less accumulated depreciation and accumulated impairment losses. Currently, investment properties are accounted for under FRS 16 *Property, Plant and Equipment* at cost less accumulated depreciation and accumulated impairment losses. With the adoption of FRS 40 from 1 January 2007, the Group will reclassify the carrying value of its investment properties from property, plant and equipment to investment properties, which will continue to be stated at cost less accumulated depreciation and accumulated impairment losses.

FRS 107 and amended FRS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to the Group's financial instruments and share capital. This standard does not have any impact on the recognition and measurement of the Group's financial statements.

INT FRS 110 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. INT FRS 110 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 36 and FRS 39 respectively (i.e. 1 January 2005).

The initial application of these standards and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

41 SIGNIFICANT INVESTMENTS

The following are the Group's significant investments:

		PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EFFECTIVE GROUP INTEREST 2006 %	EFFECTIVE GROUP INTEREST 2005 %
Subsidiaries					
Direct / Indirect Subsidiaries of the Company					
*	100G Pasir Panjang Road Pte Ltd	Property holding	Singapore	99	99
*	Allinvest Holding Pte Ltd	Property owner	Singapore	100	100
*	Aston Properties Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	CDL Land Pte Ltd	Property owner	Singapore	100	100
*	CDL Management Services Pte. Ltd. (formerly known as City Project & Property Management 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 Building Management Pte Ltd	Building maintenance, security, cleaning, car park and related services to commercial and residential buildings	Singapore	100	100
*	City Capital Corporation Pte Ltd	Property owner	Singapore	100	100
*	City Centrepoint Pte Ltd	Property owner and investment holding	Singapore	100	100
*	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	City Developments Realty Limited	Investment in shares and investment holding	Singapore	100	100
*	City e-Solutions Limited	Investment holding and provision of consultancy services	Cayman Islands	52	52
*	City Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	100	100
*	Citydev Investments Pte. Ltd.	Investment in shares and investment holding	Singapore	100	100
*	Citydev Real Estate (Singapore) Pte Ltd	Property owner	Singapore	100	100
*	Cityview Place Holdings Pte. Ltd. (formerly known as Tagore Warehouse Holdings Pte. Ltd.)	Property owner and developer	Singapore	100	100
*	Darfera Pte. Ltd.	Property owner and developer	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

41 SIGNIFICANT INVESTMENTS (cont'd)

		PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EFFECTIVE GROUP INTEREST 2006 %	2005 %
	<u>Subsidiaries</u> (cont'd)				
	Direct / Indirect Subsidiaries of the Company (cont'd)				
*	Eccott Pte Ltd	Investment holding and property owner	Singapore	100	100
*	Edenspring Properties Pte Ltd	Property sales and ownership	Singapore	100	100
***	Educado Company Limited	Investment in shares	Hong Kong	100	100
*	Elishan Investments Pte Ltd	Property owner	Singapore	100	100
*	Elite Holdings Private Limited	Property owner and developer	Singapore	100	100
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	100	100
^	eMpire Investments Limited	Investment holding	Bermuda	100	100
*	Guan Realty (Private) Limited	Property owner and developer	Singapore	100	100
*	Highgrove Investments Pte Ltd	Property owner	Singapore	100	100
*	Hong Leong Properties Pte. Limited	Property owner	Singapore	100	100
*	Island City Garden Development Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
*	Land Equity Development Pte Ltd	Property owner	Singapore	100	100
**	Lingo Enterprises Limited	Property holding and property investment	Hong Kong	100	100
**	Millennium & Copthorne Hotels plc	Investment holding	United Kingdom	53	52
*	North Bridge Commercial Complex Pte Ltd	Property holding	Singapore	99	99
**	Pacific Height Enterprises Company Limited	Property investment	Hong Kong	100	100
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	51	51
^	Reach Across International Limited	Investment holding	British Virgin Islands	100	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	100	100
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	100	100
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	Target Realty Limited	Property owner, developer and investment holding	Singapore	99	99
*	The Corporate Building Pte Ltd	Property holding	Singapore	99	99
*	The Corporate Office Pte Ltd	Property holding	Singapore	99	99
*	The Office Chamber Pte Ltd	Property holding	Singapore	99	99
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	100	100

41 SIGNIFICANT INVESTMENTS (cont'd)

		PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EFFECTIVE GROUP INTEREST 2006 %	EFFECTIVE GROUP INTEREST 2005 %
	Subsidiaries (cont'd)				
	Direct / Indirect Subsidiaries of Millennium & Copthorne Hotels plc				
**	Anchorage-Lakefront Limited Partnership	Hotel owner and operator	United States of America	53	52
**	Bostonian Hotel Limited Partnership	Hotel owner and operator	United States of America	53	52
**	CDL (New York) LLC	Hotel owner	United States of America	53	52
**	CDL Hotels (Chelsea) Limited	Hotel owner and operator	United Kingdom	53	52
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	53	52
**	CDL Hotels (Malaysia) Sdn. Bhd	Hotel owner and operator	Malaysia	53	52
**	CDL Hotels (U.K.) Limited	Hotel owner and operator	United Kingdom	53	52
**	CDL Hotels USA Inc.	Hotel investment holding company	United States of America	53	52
**	CDL Investments New Zealand Limited	Investment and property/management company	New Zealand	24	23
**	CDL West 45th Street LLC	Hotel owner	United States of America	53	52
**	Chicago Hotel Holdings, Inc.	Hotel owner and operator	United States of America	53	52
*	City Hotels Pte. Ltd.	Hotel owner and operator	Singapore	53	52
**	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	United Kingdom	53	52
**	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	United Kingdom	53	52
**	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	United Kingdom	53	52
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	United Kingdom	50	49
**	Copthorne Hotel (Slough) Limited	Hotel owner and operator	United Kingdom	53	52
**	Copthorne Hotel Holdings Limited	Hotel investment holding company	United Kingdom	53	52
**	Copthorne Hotels Limited	Hotel investment holding company	United Kingdom	53	52
*	Copthorne Orchid Hotel Singapore Pte Ltd	Hotel owner and operator	Singapore	53	52
**	Gateway Regal Holdings LLC	Hotel owner and operator	United States of America	53	52
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	35	34

41 SIGNIFICANT INVESTMENTS (cont'd)

		PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EFFECTIVE GROUP INTEREST 2006 %	2005 %
Subsidiaries (cont'd)					
Direct / Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)					
*	Harbour View Hotel Pte. Ltd.	Hotel owner	Singapore	53	52
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	42	42
*	Hong Leong Hotels Pte Ltd.	Hotel owner and operator	Cayman Islands	53	52
**	Hospitality Group Limited	Hotel investment holding company	New Zealand	26	26
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	53	52
**	Kingsgate Hotel Pty. Ltd.	Property owner	Australia	23	23
**	London Britannia Hotel Limited	Hotel owner and operator	United Kingdom	53	52
**	London Tara Hotel Limited	Hotel owner and operator	United Kingdom	53	52
**	M&C Crescent Interests, LLC	Property owner	United States of America	53	52
**	M&C Hotels France SAS	Hotel owner	France	53	52
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	37	37
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	53	52
**	RHM-88, LLC	Hotel owner and operator	United States of America	53	52
**	WHB Biltmore LLC	Hotel owner and operator	United States of America	53	52
Direct / Indirect Subsidiaries of City e-Solutions Limited					
**	Richfield Hospitality, Inc.	Investment holding and provision of hospitality related services	United States of America	52	52
**	Sceptre Hospitality Resources, Inc.	Provision of reservation system services	United States of America	52	52
^	SWAN Holdings Limited	Investment holding	Bermuda	52	52
**	SWAN USA, Inc.	Holding company	United States of America	52	52
Associate					
Associate of Millennium & Copthorne Hotels plc					
*	CDL Hospitality Trusts	Real Estate Investment Trust	Singapore	21	–

41 SIGNIFICANT INVESTMENTS (cont'd)

		PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EFFECTIVE GROUP INTEREST 2006 %	EFFECTIVE GROUP INTEREST 2005 %
Jointly-controlled Entities					
Jointly-controlled Entities of the Company					
*	Aster Land Development Pte Ltd	Property development and investment dealing activities	Singapore	30	30
*	Branbury Investments Ltd	Property owner	Singapore	43	43
*	Burlington Square Investment Pte Ltd	Property owner	Singapore	25	25
*	Burlington Square Properties Pte Ltd	Property sales and ownership	Singapore	25	25
*	Camborne Developments Pte Ltd	Property owner and developer	Singapore	50	50
*	City Sunshine Holdings Pte. Ltd.	Property owner	Singapore	50	100
*	Cuscaden Investment Pte Ltd	Real estate developer and investment holding company	Singapore	25	25
**	Exchange Tower Ltd.	Investment holding	Thailand	39	39
*	Glengary Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	40	40
**	Krungthep Rimnam Ltd.	Hotel business	Thailand	49	25
**	P.T. City Island Utama	Property owner and developer	Indonesia	30	30
*	Richmond Hotel Pte Ltd	Property owner and developer	Singapore	33	33
*	TC Development Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	33	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	33	33
Jointly-controlled Entity of Millennium & Copthorne Hotels plc					
^	New Unity Holdings Limited	Investment holding company	British Virgin Islands	26	26

* Audited by KPMG Singapore
** Audited by other member firms of KPMG International
*** Audited by S.Y. Yang & Company, Hong Kong
^ Not subject to audit by law of country of incorporation
# Name of City Building Management Pte Ltd was changed to CBM Pte. Ltd. on 1 January 2007

42 COMPARATIVE FIGURES

The Group has modified the presentation of the income statement by reclassifying finance income from other operating income to net finance costs. In addition, the Group has also reclassified the non-current portion of the rental deposits to non-current liabilities. Accordingly, the comparative amounts were reclassified to conform with the current year's presentation.

STATISTICS OF ORDINARY SHAREHOLDINGS

As at 28 February 2007

Class of Shares	:	Ordinary shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	7,862
Voting Rights	:	1 vote for 1 ordinary share

RANGE OF ORDINARY SHAREHOLDINGS	NO. OF ORDINARY SHAREHOLDERS	%	NO. OF ORDINARY SHARES	%
1 – 999	1,367	17.39	409,722	0.05
1,000 – 10,000	5,823	74.06	15,183,159	1.67
10,001 – 1,000,000	639	8.13	34,669,679	3.81
1,000,001 and above	33	0.42	859,038,770	94.47
	7,862	100.00	909,301,330	100.00

Based on information available to the Company as at 28 February 2007, approximately 51.18% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

MAJOR ORDINARY SHAREHOLDERS LIST – TOP 20 AS AT 28 FEBRUARY 2007

NO.	NAME	NO. OF ORDINARY SHARES HELD	%
1	DBS Nominees Pte Ltd	144,966,431	15.94
2	Hong Leong Investment Holdings Pte. Ltd.	111,669,335	12.28
3	HSBC (Singapore) Nominees Pte Ltd	93,485,642	10.28
4	Citibank Nominees (Singapore) Pte Ltd	65,239,177	7.18
5	Hong Leong Holdings Limited	63,787,477	7.02
6	DBSN Services Pte Ltd	60,998,246	6.71
7	The HSBC Limited	57,000,000	6.27
8	Raffles Nominees Pte Ltd	43,772,061	4.81
9	UOB Nominees (Pte) Ltd	38,037,582	4.18
10	Hong Realty (Private) Limited	22,098,799	2.43
11	Hong Leong Corporation Holdings Pte Ltd	15,929,833	1.75
12	Euroform (S) Pte. Limited	15,103,045	1.66
13	Singapore Nominees Pte Ltd	13,053,000	1.44
14	SGI Investment Holdings Pte Ltd	12,752,414	1.40
15	Garden Estates (Pte) Limited	12,652,365	1.39
16	Mayban Nominees (S) Pte Ltd	12,010,711	1.32
17	NIN Investment Holdings Pte Ltd	10,661,490	1.17
18	BankAmerica Nominees (1993) Pte Ltd	10,018,876	1.10
19	Morgan Stanley Asia (Singapore) Pte Ltd	8,988,043	0.99
20	Smith New Court (Singapore) Pte Ltd	6,588,139	0.73
		818,812,666	90.05

STATISTICS OF ORDINARY SHAREHOLDINGS

As at 28 February 2007

Substantial Shareholders as shown in the Register of Substantial Shareholders

	NO. OF ORDINARY SHARES IN WHICH THEY HAVE INTEREST			
	DIRECT INTEREST	DEEMED INTEREST	TOTAL	%
Hong Realty (Private) Limited	32,088,024	30,499,756 [1]	62,587,780	6.883
Hong Leong Holdings Limited	148,787,477	19,547,220 [2]	168,334,697	18.513
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	301,958,566 [3]	442,127,901	48.623
Kwek Holdings Pte Ltd	–	442,127,901 [4]	442,127,901	48.623
Davos Investment Holdings Private Limited	–	442,127,901 [4]	442,127,901	48.623
Aberdeen Asset Management plc and its subsidiaries	–	54,556,388 [5]	54,556,388	6.000
Aberdeen Asset Management Asia Ltd	–	45,812,388 [6]	45,812,388	5.038

Notes

[1] Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act to have an interest in the 30,499,756 ordinary shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

[2] Hong Leong Holdings Limited ("HLH") is deemed under Section 7 of the Companies Act to have an interest in the 19,547,220 ordinary shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

[3] Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 7 of the Companies Act to have an interest in the 301,958,566 ordinary shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,587,780 ordinary shares held directly and indirectly by HR; and (ii) the 168,334,697 ordinary shares held directly and indirectly by HLH, out of which 9,305,391 ordinary shares have been identified as ordinary shares in which HR is also deemed to have an interest in under note [1] above.

[4] Kwek Holdings Pte Ltd and Davos Investment Holdings Private Limited are deemed under Section 7 of the Companies Act to have an interest in the 442,127,901 ordinary shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

[5] The deemed interest of Aberdeen Asset Management plc and its subsidiaries (the "Aberdeen Group") is based on the last notification to the Company on 6 October 2006 and relates to ordinary shares held by various accounts managed or advised by the Aberdeen Group whereby the Aberdeen Group is given proxy voting rights.

[6] The deemed interest of Aberdeen Asset Management Asia Ltd ("AAMAL") is based on the last notification to the Company on 8 December 2005 and relates to ordinary shares held by various accounts managed or advised by AAMAL whereby AAMAL is given proxy voting rights.

STATISTICS OF PREFERENCE SHAREHOLDINGS

As at 28 February 2007

Class of Shares	:	Non–Redeemable Convertible Non–Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,925
Voting Rights	:	Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. 1 vote for each Preference Share.

Not entitled to attend and vote at any General Meeting of the Company except as provided below :

(a) if the Preference Dividend (or any part thereof) due and payable and accrued is in arrears and has remain unpaid for at least 6 months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) if the resolution in question varies the rights attached to the Preference Shares; or

(c) if the resolution in question is for the winding up of the Company.

RANGE OF PREFERENCE SHAREHOLDINGS	NO. OF PREFERENCE SHAREHOLDERS	%	NO. OF PREFERENCE SHARES	%
1 – 999	428	14.63	191,332	0.06
1,000 – 10,000	2,135	72.99	5,827,587	1.76
10,001 – 1,000,000	342	11.69	23,602,525	7.13
1,000,001 and above	20	0.69	301,252,813	91.05
	2,925	100.00	330,874,257	100.00

MAJOR PREFERENCE SHAREHOLDERS LIST – TOP 20 AS AT 28 FEBRUARY 2007

NO.	NAME	NO. OF PREFERENCE SHARES HELD	%
1	DBS Nominees Pte Ltd	93,949,338	28.39
2	Mandai Properties Pte Ltd	65,994,000	19.95
3	SingAsia Investments Pte Ltd	39,846,000	12.04
4	Citibank Nominees Singapore Pte Ltd	28,020,317	8.47
5	Aster Land Development Pte Ltd	26,913,086	8.13
6	Fairmount Development Pte Ltd	7,000,000	2.12
7	Infocomm Investments Pte Ltd	5,700,000	1.72
8	Lim & Tan Securities Pte Ltd	5,135,864	1.55
9	Guan Hong Plantation Private Limited	5,000,000	1.51
10	Hong Leong Foundation	3,564,038	1.08
11	Sun Yuan Overseas Pte Ltd	3,000,000	0.91
12	Upnorth Development Pte Ltd	3,000,000	0.91
13	HL Karimun Granite Pte Ltd	2,600,000	0.79
14	HSBC (Singapore) Nominees Pte Ltd	2,599,505	0.79
15	Interfab Pte Ltd	2,054,102	0.62
16	Ng Kin In	1,550,000	0.47
17	Liew Chee Kong	1,495,000	0.45
18	United Overseas Bank Nominees Pte Ltd	1,440,241	0.43
19	Raffles Nominees Pte Ltd	1,385,322	0.42
20	Kim Eng Securities Pte. Ltd.	1,006,000	0.30
		301,252,813	91.05

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of City Developments Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Thursday, 26 April 2007 at 3.00 p.m. for the following purposes:

(A) ORDINARY BUSINESS

1. To receive the audited financial statements and the reports of the Directors and Auditors for the year ended 31 December 2006.

2. To declare a final ordinary dividend of 7.5 cents per ordinary share and a special final ordinary dividend of 10.0 cents per ordinary share, less 18% income tax, for the year ended 31 December 2006 as recommended by the Directors.

3. To approve Directors' Fees of $291,124.00 for the year ended 31 December 2006 (year 2005 : $241,028.00) and Audit Committee Fees of $47,500.00 per quarter for the period from 1 July 2007 to 30 June 2008, with payment of the Audit 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:

    a) Mr Kwek Leng Beng
    b) Mr Foo See Juan

5. To consider and, if thought fit, pass the following resolutions in accordance with Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"):

    a) That Mr Chee Keng Soon be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting.

    b) That Mr Tang See Chim be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting.

6. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

    (a) (i) issue ordinary shares 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 issued ordinary 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 (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the issued ordinary shares in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) of this Ordinary Resolution, the percentage of issued ordinary shares shall be based on the issued ordinary shares in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding and subsisting at the time this Ordinary Resolution is passed; and

(ii) any subsequent consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

8. That

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares and/or non-redeemable convertible non-cumulative preference shares ("Preference Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held;

(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, 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, of the Company as at the date of the passing of this Resolution (excluding any ordinary shares which are held as treasury shares as at that date); 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 the SGX-ST, on which transactions in the ordinary shares or Preference Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-Market Day period;

"Closing Market Price" means the last dealt price for an ordinary share or Preference Share (as the case may be) transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for an ordinary share or Preference Share (as the case may be) as recorded on the SGX-ST on the Market Day on which there were trades in the ordinary shares or Preference Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the Off-Market Purchase of ordinary shares or Preference Shares, as the case may be, from ordinary shareholders or holders of Preference Shares, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase, calculated on the foregoing basis) for each ordinary share or Preference Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

NOTICE OF ANNUAL GENERAL MEETING

(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. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the City Developments Share Option Scheme 2001 (the "Scheme") and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided that the aggregate number of new ordinary shares to be issued pursuant to the Scheme shall not exceed 8% of the total number of issued ordinary shares in the capital of the Company from time to time.

10. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on the SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Company's Circular to Shareholders dated 28 April 2003 (the "Circular") with any party who is of the class or classes of Interested Persons described in the Circular, provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Circular, and that such approval (the "IPT Mandate"), shall unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company; and

(b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(C) TO TRANSACT ANY OTHER BUSINESS

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Singapore
27 March 2007

The Company had on 28 February 2007 advised that the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 4 May 2007. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 3 May 2007 will be registered to determine ordinary shareholders' entitlement to the dividends for the year ended 31 December 2006.

Directors have recommended a final ordinary dividend of 7.5 cents per ordinary share and a special final ordinary dividend of 10.0 cents per ordinary share, less 18% income tax, in respect of the financial year ended 31 December 2006 for approval by ordinary shareholders at the Annual General Meeting to be held on 26 April 2007. The final dividends, if approved, will be payable on 18 May 2007.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Meeting.

3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.

4. With reference to item 4(b) of the Ordinary Business above, Mr Foo See Juan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Nominating Committee, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. With reference to item 5(a) of the Ordinary Business above, Mr Chee Keng Soon will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee, Nominating Committee and Remuneration Committee, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. With reference to 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 Audit Committee and Remuneration Committee, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

7. The Ordinary Resolution proposed in 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting to issue ordinary shares whether by way of rights, bonus or otherwise and/or make or grant Instruments that might require new ordinary shares to be issued up to and not exceeding 50% of the issued ordinary shares in the capital of the Company, with an aggregate sub-limit of 20% of the issued ordinary shares in the capital of the Company for any issue of new ordinary shares not made on a *pro-rata* basis to shareholders. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

8. The Ordinary Resolution proposed in 8 above, if passed, will empower Directors of the Company to make purchases or otherwise acquire the Company's issued ordinary shares and/or Preference Shares from time to time subject to and in accordance with the guidelines set out in Annexure I of the Appendix Accompanying this Notice. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

9. The Ordinary Resolution proposed in 9 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme and to issue from time to time such number of new ordinary shares in the capital of the Company pursuant to the exercise of share options under the Scheme subject to such limits or sub-limits as prescribed in the Scheme.

10. The Ordinary Resolution proposed in 10 above, if passed, will renew the IPT Mandate first approved by Shareholders on 29 May 2003 to facilitate the Company, its subsidiaries and its associated companies to enter into Interested Person Transactions, the details of which are set out in Annexure II and Appendix A of the Appendix Accompanying this Notice. The IPT Mandate will continue in force until the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy the Company's ordinary shares, this Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and holders of the Company's Preference shares and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 44th Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary of City Developments Limited. (Agent Banks: please see note No. 9 on required format).

PROXY FORM

* I/We, ______________________________ with NRIC / Passport Number : ______________

of ______________________________

being a *member/members of City Developments Limited (the "Company"), hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Forty-Fourth Annual General Meeting of the Company ("AGM") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Thursday, 26 April 2007 at 3.00 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM.

No.	Resolutions		For	Against
	ORDINARY BUSINESS:			
1.	Adoption of Reports and Financial Statements			
2.	Declaration of a Final Ordinary Dividend and a Special Final Ordinary Dividend			
3.	Approval of Directors' Fees and Audit Committee Fees			
4.	Re-election of Directors:	(a) Mr Kwek Leng Beng		
		(b) Mr Foo See Juan		
5.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50:	(a) Mr Chee Keng Soon		
		(b) Mr Tang See Chim		
6.	Re-appointment of KPMG as Auditors			
	SPECIAL BUSINESS:			
7.	Authority for Directors to issue ordinary shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited			
8.	Renewal of Share Purchase Mandate			
9.	Authority for Directors to offer and grant options and issue new ordinary shares in accordance with the provisions of the City Developments Share Option Scheme 2001			
10.	Renewal of IPT Mandate for Interested Person Transactions			

Dated this ____________ day of ____________ 2007

No. of ordinary shares held

*Delete accordingly

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Signature(s) of
Member(s)/Common Seal

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the AGM.

6. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument of proxy or proxies lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport Number, addresses and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

Fold Here

AGM
Proxy Form

Affix
Stamp
Here

The Secretary
CITY DEVELOPMENTS LIMITED
36 Robinson Road
#04-01 City House
Singapore 068877

Fold Here

LOOKING AHEAD INTO 2007

GROWTH STRATEGIES

Remain the proxy to the Singapore real estate market

Continue with its strategic land acquisition policy

Maximise real estate assets

Evaluate various options to unlock shareholder value

Selective overseas investment and expansion of development activities

PROPERTY LAUNCHES

The Solitaire
59-unit exquisite freehold apartments at Balmoral Park/Stevens Road

Former Kim Lin Mansion Site
110-unit luxurious freehold residences at Grange Road

The Quayside Collection
223-unit waterfront condominium on Sentosa Cove

Former Parkview Site
496-unit freehold development in West Coast Park

HOTELS

Committed to its twin strategy of being a long-term owner and operator of hotels

Utilise CDL's real estate experience and resources to exploit maximum value from hotel assets through refurbishment and redevelopment

Continue to strengthen brand positioning and grow its presence through management contracts

Well-poised to achieve higher and more sustainable growth

CONTENTS

Cover: One Shenton, CDL's latest iconic development, setting a new benchmark in urban residential living.

Produced by
Group Corporate Affairs
Hong Leong Group Singapore &
Corporate Communications Department
City Developments Limited

Designed by
Epigram

Printed on Environmentally-Friendly Paper