

# Directors' Report

We are pleased to submit this annual 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:

Dr Hu Tsu Tau  
Hsuan Owyang  
Liew Mun Leong  
Professor Kenneth Stuart Courtis (appointed on 14 February 2007)  
Professor Robert Henry Edelstein  
Dr Victor Fung Kwok King  
Richard Edward Hale  
James Koh Cher Siang  
Lim Chin Beng  
Peter Seah Lim Huat  
Arfat Pannir Selvam  
Jackson Peter Tai

## **Arrangements to Enable Directors to Acquire Shares and Debentures**

Except as disclosed under the “Directors’ Interests in Shares or Debentures” and “Share Plans” sections of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement 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, debentures or share options of the Company or of related corporations either at the beginning of the financial year (or date of appointment, if later) or at the end of the financial year.

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

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
<b>The Company</b>		
<b>Ordinary shares</b>		
Hsuan Owyang	100,000	120,000
Liew Mun Leong	1,400,000	1,458,000
Andrew Robert Fowell Buxton <sup>^</sup>	212,650	172,650
Richard Edward Hale	53,850	321,420
James Koh Cher Siang	6,250	6,250
Lim Chin Beng	–	538,400
Peter Seah Lim Huat	321,800	234,300
Jackson Peter Tai	50,000	50,000
<b>Options to subscribe for ordinary shares exercisable from 13/06/2001 to 11/06/2010 at an exercise price of \$1.78* per share</b>		
Liew Mun Leong	1,077,000	1,077,000
<b>Options to subscribe for ordinary shares exercisable from 19/06/2002 to 18/06/2006 at an exercise price of \$1.89* per share</b>		
Hsuan Owyang	220,000	–
Andrew Robert Fowell Buxton <sup>^</sup>	10,000	–
Richard Edward Hale	30,000	–
Lim Chin Beng	120,000	–
Jackson Peter Tai	170,000	–
<b>Options to subscribe for ordinary shares exercisable from 19/06/2002 to 18/06/2011 at an exercise price of \$1.72* per share</b>		
Liew Mun Leong	800,000	800,000
<b>Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2007 at an exercise price of \$1.19* per share</b>		
Hsuan Owyang	150,000	150,000
Andrew Robert Fowell Buxton <sup>^</sup>	20,000	–
Richard Edward Hale	15,000	3,750
Lim Chin Beng	90,000	–
Peter Seah Lim Huat	45,000	22,500
Jackson Peter Tai	100,000	100,000

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
<b>The Company (cont'd)</b>		
<b><i>Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2012 at an exercise price of \$1.06* per share</i></b>		
Liew Mun Leong	400,000	200,000
<b><i>Options to subscribe for ordinary shares exercisable from 01/03/2004 to 28/02/2008 at an exercise price of \$0.87* per share</i></b>		
Hsuan Owyang	198,000	198,000
Liew Mun Leong (exercisable from 01/03/2004 to 28/02/2013)	504,000	252,000
Richard Edward Hale	166,320	–
Lim Chin Beng	158,400	–
Jackson Peter Tai	118,800	118,800
<b><i>Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2009 at an exercise price of \$1.20* per share</i></b>		
Hsuan Owyang	170,000	170,000
Richard Edward Hale	120,000	60,000
Lim Chin Beng	130,000	–
Peter Seah Lim Huat	45,000	–
Jackson Peter Tai	90,000	90,000
<b><i>Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2014 at an exercise price of \$1.07* per share</i></b>		
Liew Mun Leong	600,000	400,000
<b><i>Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2010 at an exercise price of \$2.31* per share</i></b>		
Dr Hu Tsu Tau	120,000	120,000
Hsuan Owyang	150,000	150,000
Andrew Robert Fowell Buxton <sup>^</sup>	60,000	30,000
Richard Edward Hale	95,000	95,000
Lim Chin Beng	80,000	40,000
Peter Seah Lim Huat	90,000	45,000
Jackson Peter Tai	90,000	90,000
<b><i>Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2015 at an exercise price of \$2.30* per share</i></b>		
Liew Mun Leong	800,000	800,000

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
<b>The Company (cont'd)</b>		
<b><i>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$3.80* per share</i></b>		
Dr Hu Tsu Tau	–	120,000
Hsuan Owyang	–	155,000
Andrew Robert Fowell Buxton <sup>^</sup>	–	60,000
Professor Robert Henry Edelstein	–	50,000
Richard Edward Hale	–	95,000
James Koh Cher Siang	–	100,000
Lim Chin Beng	–	80,000
Peter Seah Lim Huat	–	90,000
Arfat Pannir Selvam	–	80,000
Jackson Peter Tai	–	70,000
<b><i>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of \$3.78* per share</i></b>		
Liew Mun Leong	–	800,000
<b><i>Conditional award of performance shares to be delivered after 2005</i></b>		
Liew Mun Leong (468,000 performance shares)	0 to 936,000 <sup>#</sup>	– <sup>π</sup>
<sup>π</sup> During the financial year, 656,000 performance shares were released under the 2003 award to Liew Mun Leong.		
<b><i>Conditional award of performance shares to be delivered after 2006</i></b>		
Liew Mun Leong (483,350* performance shares)	0 to 936,000 <sup>#</sup>	0 to 966,700 <sup>#</sup>
<b><i>Conditional award of performance shares to be delivered after 2007</i></b>		
Liew Mun Leong (415,440* performance shares)	0 to 800,000 <sup>#</sup>	0 to 830,880 <sup>#</sup>
<b><i>Conditional award of performance shares to be delivered after 2008</i></b>		
Liew Mun Leong (412,280* performance shares)	–	0 to 824,560 <sup>#</sup>
<b>Related Corporations</b>		
<b>Raffles Holdings Limited<sup>@</sup></b>		
<b><i>Ordinary shares</i></b>		
Hsuan Owyang	5,000	–
Liew Mun Leong	358,900	–
Richard Edward Hale	5,000	–
James Koh Cher Siang	4,000	–
<b><i>Options to subscribe for ordinary shares exercisable from 09/07/2004 to 08/07/2013 at an exercise price of \$0.32 per share<sup>@</sup></i></b>		
Liew Mun Leong	69,360	–

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
<b>Related Corporations (cont'd)</b>		
<b>Raffles Holdings Limited<sup>®</sup> (cont'd)</b>		
<b><i>Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2014 at an exercise price of \$0.32 per share<sup>®</sup></i></b>		
Liew Mun Leong	155,038	–
<b><i>Options to subscribe for ordinary shares exercisable from 19/02/2006 to 18/02/2015 at an exercise price of \$0.32 per share<sup>®</sup></i></b>		
Liew Mun Leong	165,100	–
<b>The Ascott Group Limited</b>		
<b><i>Ordinary shares</i></b>		
Liew Mun Leong	362,500	452,500
Richard Edward Hale	100,000	562,500
Lim Chin Beng	200,000	950,000
Peter Seah Lim Huat	–	74,000
<b><i>Options to subscribe for ordinary shares exercisable from 30/06/2002 to 29/06/2006 at an exercise price of \$0.192<sup>+</sup> per share</i></b>		
Liew Mun Leong ( <i>exercisable from 30/06/2002 to 29/06/2011</i> )	30,000	–
Richard Edward Hale	150,000	–
Lim Chin Beng	200,000	–
<b><i>Options to subscribe for ordinary shares exercisable from 05/05/2003 to 04/05/2007 at an exercise price of \$0.224<sup>+</sup> per share</i></b>		
Liew Mun Leong ( <i>exercisable from 05/05/2003 to 04/05/2012</i> )	60,000	30,000
Richard Edward Hale	150,000	37,500
Lim Chin Beng	200,000	–
Peter Seah Lim Huat ( <i>exercisable from 05/05/2003 to 30/12/2006</i> )	12,000	–
<b><i>Options to subscribe for ordinary shares exercisable from 10/05/2004 to 09/05/2008 at an exercise price of \$0.192<sup>+</sup> per share</i></b>		
Liew Mun Leong ( <i>exercisable from 10/05/2004 to 09/05/2013</i> )	90,000	60,000
Richard Edward Hale	150,000	–
Lim Chin Beng	200,000	–
Peter Seah Lim Huat ( <i>exercisable from 10/05/2004 to 30/12/2006</i> )	30,000	–

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
<b>Related Corporations (cont'd)</b>		
<b>The Ascott Group Limited (cont'd)</b>		
<b>Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2009 at an exercise price of \$0.284<sup>+</sup> per share</b>		
Liew Mun Leong (exercisable from 01/03/2005 to 28/02/2014)	97,500	97,500
Richard Edward Hale	100,000	50,000
Lim Chin Beng	100,000	–
Peter Seah Lim Huat (exercisable from 31/12/2004 to 30/12/2006)	32,000	–
<b>Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2010 at an exercise price of \$0.349<sup>+</sup> per share</b>		
Liew Mun Leong (exercisable from 05/03/2006 to 04/03/2015)	130,000	130,000
Richard Edward Hale	100,000	100,000
Lim Chin Beng	100,000	50,000
<b>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$0.680<sup>+</sup> per share</b>		
Liew Mun Leong (exercisable from 25/02/2007 to 24/02/2016)	–	200,000
Richard Edward Hale	–	160,000
Lim Chin Beng	–	150,000

### Footnotes:

<sup>#</sup> The final number of performance shares given will depend on the achievement of pre-determined targets over a three-year performance period. Recipients who do not meet the threshold targets at the end of the performance period will not be given any performance shares. On the other hand, if superior targets are met, more performance shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

<sup>@</sup> Raffles Holdings Limited (“RHL”) has been delisted from the official list of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 13 December 2006 pursuant to Rule 1306 of the SGX-ST Listing Manual. Pursuant to Rule 8.1 of the RHL Share Option Plan, the Company is entitled to exercise its right of compulsory acquisition. Accordingly, the above options were exercisable up to 20 January 2007 and had since lapsed.

<sup>\*</sup> On 9 May 2006, adjustments were made to the exercise prices of unexercised share options and number of performance shares under conditional award in accordance to the rules of the CapitaLand Share Option Plan and the CapitaLand Performance Share Plan arising from the payment of special dividend of \$0.01 and \$0.12 per issued ordinary share in respect of the financial year ended 31 December 2004 and 31 December 2005 respectively.

<sup>+</sup> During the financial year, adjustments were made to the exercise prices of unexercised share options in accordance to the rules of the Ascott Share Option Plan pursuant to the Preferential Offering of units in Ascott Residence Trust approved by the shareholders of The Ascott Group Limited at its Extraordinary General Meeting held on 13 February 2006.

<sup>^</sup> Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.

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

Mr Hsuan Owyang's shareholding in the Company has changed from 120,000 as at 31 December 2006 to 70,000 as at 21 January 2007. Save as disclosed above, there was no change in any of the above-mentioned directors' interests in the Company and its related corporations between the end of the financial year and 21 January 2007.

## **Directors' Interests in Contracts**

During the financial year, the directors' interests in contracts relate to the purchase of three residential units in one of the Group's projects in China by a director of the Company and his family members.

Save as disclosed above, since the end of the last financial year, no other director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation 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 Plans**

### **(a) CapitalLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000**

The Share Option Plan, the Performance Share Plan and the Restricted Stock Plan (collectively referred to as the "Share Plans") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 16 November 2000.

The Executive Resource and Compensation Committee ("ERCC") of the Company has been designated as the committee responsible for the administration of the Share Plans. The ERCC comprises the following members:

Mr Lim Chin Beng (Chairman)  
Mr Hsuan Owyang  
Mr Peter Seah Lim Huat

The Share Option Plan is the basic share incentive scheme which is more widely applied across the Group whereas the Performance Share Plan and the Restricted Stock Plan apply only to key executives. The awards granted under the Performance Share Plan and the Restricted Stock Plan are only released or vested after achievement of pre-determined targets and/or after the satisfactory completion of time-based service conditions.

Under the Share Option Plan, options are granted to eligible participants exercisable during a certain period and at a certain price as set out below.

Under the Performance Share Plan, awards are granted to eligible participants. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the Company achieving prescribed performance target(s). Awards are released once the ERCC is satisfied that the prescribed target(s) have been achieved. There are no vesting periods beyond the performance achievement periods.

Under the Restricted Stock Plan, awards granted vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). No minimum vesting periods are prescribed under the Restricted Stock Plan. Performance-based restricted awards differ from awards granted under the Performance Share Plan in that an extended vesting period is imposed beyond the performance target completion date.

## Share Plans (cont'd)

### (a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000 (cont'd)

The principal terms of the Share Plans are:

- **Plans Size and Duration**

The total number of new shares over which options may be granted pursuant to the Share Option Plan, when added to the number of new shares issued and issuable in respect of all options granted thereunder and all awards granted under the Performance Share Plan and the Restricted Stock Plan, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

The Share Plans shall continue in force at the discretion of the ERCC, subject to a maximum period of 10 years commencing on 16 November 2000, provided always that the Share Plans may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plans, any outstanding options held by and/or awards made to participants prior to such expiry or termination will continue to remain valid.

- **Participants of the Share Plans**

In respect of the Share Option Plan, the following persons shall be eligible to participate:

- Group Executives who have attained the age of 21 years and hold such rank as may be designated by the ERCC from time to time;
- Non-Executive Directors who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group; and
- Executives of Parent Group and Executives of Associates (over which the Company has operational control) who have attained the age of 21 years and hold such rank as may be designated by the ERCC from time to time and who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

In respect of the Performance Share Plan and the Restricted Stock Plan, the following persons shall be eligible to participate:

- Group Executives who have attained the age of 21 years and hold such rank as may be designated by the ERCC from time to time (including those Parent Group Executives and Non-Executive Directors of the Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as Group Executives for the purposes of the Performance Share Plan and the Restricted Stock Plan);

# Directors' Report

## Share Plans (cont'd)

### (a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000 (cont'd)

- Non-Executive Directors (other than Non-Executive Directors of Parent Group) who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group; and
- Executives of Associates who have attained the age of 21 years and hold such rank as may be designated by the ERCC from time to time and who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

Persons who are the Company's controlling shareholders or their associates as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are not eligible to participate in all the Share Plans.

- **Maximum Entitlements**

The Share Plans provide that the number of options or awards to be granted be discretionary. However, under the Share Option Plan, the aggregate number of shares which may be offered by way of grant of options to Parent Group Executives and Non-Executive Directors of Parent Group shall not exceed 20% of the total number of shares available under the Share Option Plan.

- **Exercise Period**

Under the Share Option Plan, options with subscription prices which are equal to, or higher than, the Market Price may be exercised one year after the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by the ERCC on the date of grant of the respective options.

Options with subscription prices which represent a discount to the Market Price may be exercised two years after the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by the ERCC on the date of grant of the respective options.

- **Subscription Price**

The subscription price for each share in respect of which an option is exercisable shall be determined by the ERCC, in its absolute discretion, to be either:

- a price which is equal to the volume-weighted average price for the Company shares on the SGX-ST over the three consecutive Trading Days immediately preceding the date of grant of that option (the "Market Price"), or such higher price as may be determined by the ERCC in its absolute discretion; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the ERCC in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price in respect of that option.

## Share Plans (cont'd)

### (a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000 (cont'd)

- **Grant of Options**

Options under the Share Option Plan may be granted at any time during the period when the said Plan is in force, except that no options shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's financial results. In the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, options may be granted on or after the fourth Market Day after the day on which such announcement is released.

### (b) Share Options Granted

During the financial year, options were granted under the respective share option schemes of the Company and its subsidiaries, Raffles Holdings Limited and The Ascott Group Limited as follows:

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) \$	Number of Shares under Option
<b>The Company</b>				
Non-Executive Directors	20	25/02/2007 to 24/02/2011	3.80	1,160,000
Group Executives	7	01/05/2006 to 02/05/2008	3.83	18,000
(including 1 Executive Director)	852	25/02/2007 to 24/02/2016	3.78	18,994,000
	1	14/03/2007 to 13/03/2016	3.95	200,000
	1	04/04/2007 to 03/04/2016	4.54	20,000
	1	20/06/2007 to 19/06/2016	4.26	200,000
	117	02/09/2007 to 01/09/2016	4.72	1,629,000
<b>Total</b>				<b>22,221,000</b>

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## Share Plans (cont'd)

### (b) Share Options Granted (cont'd)

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) \$	Number of Shares under Option
<b>Raffles Holdings Limited</b>				
Non-Executive Directors	6	25/02/2007 to 24/02/2011	0.73	630,000
Group Executives (including 1 Executive Director)	19	25/02/2007 to 24/02/2016	0.73	2,086,400
Associated Company Executives	39	25/02/2007 to 24/02/2011	0.73	580,800
Parent Group Executives	89	25/02/2007 to 24/02/2016	0.73	1,134,000
<b>Total</b>				<b>4,431,200</b>

The above share options were cancelled during the year.

### **The Ascott Group Limited**

Non-Executive Directors	7	25/02/2007 to 24/02/2011	0.680	950,000
Group Executives (including 1 Executive Director)	416	25/02/2007 to 24/02/2016	0.680	12,007,000
	27	02/09/2007 to 01/09/2016	1.022	1,169,000
Parent Group Executives	78	25/02/2007 to 24/02/2016	0.680	1,090,000
<b>Total</b>				<b>15,216,000</b>

With regards to the subsidiary, Australand Holdings Limited (“Australand”), the Australand Employees Securities Ownership Plan (“Australand ESOP”) offers a five-year, interest-free loan to enable employees to purchase a specified number of Australand stapled securities allocated by Australand’s Remuneration Committee. The loan has limited recourse and the employee’s obligation to repay the loan is limited to the market value of the securities at any time. The loan will be partly repaid by distributions on the securities held and must be fully repaid on cessation of employment with Australand or by the 5th anniversary of the origination date of the loan, whichever is earlier.

In addition to the above Australand ESOP, options over unissued Australand ordinary shares have previously been issued to employees under the terms of the Australand Share Option Scheme. As part of the stapling exercise in 2003, the terms of the options were changed whereby they are now exercisable over Australand stapled securities. No options over unissued Australand stapled securities were granted during the financial year.

## Share Plans (cont'd)

### (b) Share Options Granted (cont'd)

In respect of the share option plans of the Company, Raffles Holdings Limited and The Ascott Group Limited, no participant received options which totalled 5% or more of the total number of shares available under the respective share option plans. In addition, no option has been granted with subscription prices set at a discount to the market price of the shares at the time of the grant. The options granted also do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share of any other company.

Save as disclosed above, there were no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries during the financial year.

### (c) Share Options Exercised

During the financial year, there were new ordinary shares issued for cash fully paid in the share capital of the following companies pursuant to the exercise of options granted:

Name of Company	Exercise Price (per share) \$	Number of Shares Issued
CapitalLand Limited	0.87 to 3.83	25,397,307
Raffles Holdings Limited	0.32	14,783,252
The Ascott Group Limited	0.192 to 0.493	19,297,550
Australand Holdings Limited	A\$1.57	791,400

Save as disclosed above, there were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

### (d) Unissued Shares under Option

At the end of the financial year, there were the following unissued ordinary shares of the Company under option:

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Number of Unissued Shares under Option
<b>The Company</b>				
Non-Executive Directors	20	10/05/2007	1.19	716,250
(including Non-Executive Directors of subsidiaries and former directors)	8	28/02/2008	0.87	528,000
	4	13/12/2008	1.20	100,000
	5	13/12/2008	2.31	55,000
	12	27/02/2009	1.20	640,000
	24	25/02/2010	2.31	1,100,000
	20	24/02/2011	3.80	1,160,000
				<b>4,299,250</b>

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## Share Plans (cont'd)

### (d) Unissued Shares under Option (cont'd)

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Number of Unissued Shares under Option
<b>The Company (cont'd)</b>				
Group Executives	7	11/05/2007	1.78	10,773
	1	11/05/2007	1.75	1,000
	30	11/05/2007	1.72	66,842
	16	11/05/2007	1.06	24,178
	17	11/05/2007	0.87	37,494
	15	11/05/2007	1.07	50,890
	1	11/05/2007	1.42	700
	97	11/05/2007	2.32	179,982
	1	30/09/2007	1.75	24,000
	1	30/09/2007	1.72	40,000
	3	30/09/2007	1.06	41,612
	4	30/09/2007	0.87	97,650
	5	30/09/2007	1.07	98,425
	5	30/09/2007	2.32	109,000
	1	02/05/2008	1.06	250
	1	02/05/2008	1.07	10
	1	02/05/2008	2.32	1,000
	3	02/05/2008	3.83	10,000
	3	12/04/2010	1.66	456,000
	64	11/06/2010	1.78	2,287,749
	28	03/08/2010	1.75	180,455
	84	18/06/2011	1.72	2,027,332
	217	10/05/2012	1.06	1,819,207
	397	28/02/2013	0.87	5,325,507
	1	24/04/2013	0.87	99,200
	22	29/08/2013	0.87	176,350
	1	22/09/2013	0.87	26,500
	419	27/02/2014	1.07	7,417,762
	1	18/03/2014	1.01	30,000
	34	27/08/2014	1.42	238,500
	1	24/01/2015	2.00	80,000
	554	25/02/2015	2.30	11,841,440
	62	26/08/2015	2.74	544,750
	801	24/02/2016	3.78	18,117,000
	1	13/03/2016	3.95	200,000
	1	19/06/2016	4.26	200,000
	114	01/09/2016	4.72	1,594,000
				<b>53,455,558</b>
<b>Total</b>				<b>57,754,808</b>

## Share Plans (cont'd)

### (d) Unissued Shares under Option (cont'd)

The aggregate number of options granted since the commencement of the CapitaLand Share Option Plan to the end of the financial year under review is as follows:

Participants	Options granted during the year	Aggregate options granted since the commencement of the Share Option Plan	Aggregate options exercised	Aggregate options lapsed/ cancelled	Aggregate outstanding options
<b>Directors of the Company</b>					
Dr Hu Tsu Tau	120,000	240,000	–	–	240,000
Hsuan Owyang	155,000	1,143,000	(320,000)	–	823,000
Liew Mun Leong	800,000	6,135,000	(1,806,000)	–	4,329,000
Andrew Robert Fowell Buxton <sup>^</sup>	60,000	306,650	(216,650)	–	90,000
Professor Robert Henry Edelstein	50,000	50,000	–	–	50,000
Richard Edward Hale	95,000	575,170	(321,420)	–	253,750
James Koh Cher Siang	100,000	100,000	–	–	100,000
Lim Chin Beng	80,000	798,410	(678,410)	–	120,000
Peter Seah Lim Huat	90,000	478,800	(321,300)	–	157,500
Arfat Pannir Selvam	80,000	80,000	–	–	80,000
Jackson Peter Tai	70,000	688,800	–	(220,000)	468,800
	1,700,000	10,595,830	(3,663,780)	(220,000)	6,712,050
Non-Executive Directors of subsidiaries (including former directors of the Company)	260,000	7,626,210	(5,200,560)	(509,450)	1,916,200
Group Executives (excluding Liew Mun Leong)	20,261,000	134,883,673	(55,632,629)	(30,124,486)	49,126,558
Parent Group Executives and others	–	2,662,482	(2,232,834)	(429,648)	–
<b>Total</b>	<b>22,221,000</b>	<b>155,768,195</b>	<b>(66,729,803)</b>	<b>(31,283,584)</b>	<b>57,754,808</b>

<sup>^</sup> Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.

# Directors' Report

## Share Plans (cont'd)

### (d) Unissued Shares under Option (cont'd)

At the end of the financial year, there were also the following unissued ordinary shares of subsidiaries under option:

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Number of Unissued Shares under Option
<b>Raffles Holdings Limited</b>				
Group Executives	2	20/01/2007	0.32	3,264
	27	20/01/2007	0.32	130,392
	28	20/01/2007	0.32	50,962
	23	20/01/2007	0.32	60,478
	30	20/01/2007	0.32	63,156
				<b>308,252</b>
Parent Group Executives	1	20/01/2007	0.32	8,160
	4	20/01/2007	0.32	9,595
	8	20/01/2007	0.32	21,271
	12	20/01/2007	0.32	8,005
				<b>47,031</b>
Associated Company Executives	115	20/01/2007	0.32	167,307
	146	20/01/2007	0.32	176,748
	1	20/01/2007	0.32	1,632
	116	20/01/2007	0.32	157,631
	211	20/01/2007	0.32	211,094
	1	20/01/2007	0.32	251
				<b>714,663</b>
<b>Total</b>				<b>1,069,946</b>

Pursuant to Rule 8.1 of the Raffles Holdings Limited Share Option Plan, the Company is entitled to exercise its right of compulsory acquisition. Accordingly, the above options were exercisable up to 20 January 2007 and had since lapsed.

Share Plans (cont'd)

(d) Unissued Shares under Option (cont'd)

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Number of Unissued Shares under Option
<b>The Ascott Group Limited</b>				
Non-Executive Directors	5	04/05/2007	0.224	100,000
	6	28/02/2009	0.284	220,000
	6	04/03/2010	0.349	435,000
	7	24/02/2011	0.680	950,000
				<b>1,705,000</b>
Group Executives and Parent Group Executives	2	11/05/2007	0.241	17,000
	3	11/05/2007	0.192	16,500
	2	11/05/2007	0.224	11,000
	1	11/05/2007	0.284	5,000
	3	11/05/2007	0.349	6,000
	1	30/09/2007	0.224	10,000
	3	30/09/2007	0.192	26,000
	3	30/09/2007	0.284	18,000
	3	30/09/2007	0.349	8,000
	166	20/12/2010	0.241	685,000
	266	29/06/2011	0.192	334,750
	269	04/05/2012	0.224	2,754,000
	234	09/05/2013	0.192	3,308,000
	225	28/02/2014	0.284	3,415,250
	34	01/09/2015	0.399	1,057,750
286	04/03/2015	0.349	5,832,250	
27	01/09/2016	1.022	1,169,000	
440	24/02/2016	0.680	11,072,000	
				<b>29,745,500</b>
<b>Total</b>				<b>31,450,500</b>
<b>Australand Holdings Limited</b>				
Directors	5	13/03/2011	A\$1.57	137,500
Employees	35	13/03/2011	A\$1.57	926,750
<b>Total</b>				<b>1,064,250</b>

Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

# Directors' Report

## Share Plans (cont'd)

### (e) Awards under the CapitaLand Performance Share Plan and the Ascott Performance Share Plan

During the financial year, the respective ERCC of the above-mentioned companies have granted awards, conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of performance shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved.

The final number of performance shares given will depend on the achievement of pre-determined targets over a three-year performance period. Recipients who do not meet the threshold targets at the end of the performance period will not be given any performance shares. On the other hand, if superior targets are met, more performance shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

The maximum number of performance shares which could be released, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the issued share capital of the respective companies on the day preceding the relevant date of grant.

The Company	Balance as at 1 January 2006		Performance Shares conditionally granted/adjusted* during the year		Performance Shares released** during the year		Performance Shares lapsed/cancelled during the year		Balance as at 31 December 2006	
	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares
2003 award	15	2,527,200	1	100,000	15	(2,527,200)	–	–	1	100,000
2004 award	15	2,492,100	14	181,953	–	–	2	(214,438)	13	2,459,615
2005 award	49	2,975,000	47	216,286	–	–	4	(179,343)	45	3,011,943
2006 award	–	–	60	3,540,083	–	–	3	(107,840)	57	3,432,243
<b>Total</b>		<b>7,994,300</b>		<b>4,038,322</b>		<b>(2,527,200)</b>		<b>(501,621)</b>		<b>9,003,801</b>

\* During the financial year, adjustments were made to the conditional awards of unvested performance shares in accordance to the rules of the CapitaLand Performance Share Plan arising from the payment of special dividend of \$0.01 and \$0.12 per issued ordinary share in respect of the financial year ended 31 December 2004 and 31 December 2005 respectively. The Company granted 81,953, 116,286 and 105,083 performance shares under the 2004, 2005 and 2006 awards respectively to compensate for the decline in values of the said performance shares.

\*\* The release of 2003 award of 2,527,200 (2005: 1,817,400) performance shares during the financial year resulted in 3,446,000 (2005: 1,535,000) shares being issued.

## Share Plans (cont'd)

### (e) Awards under the CapitaLand Performance Share Plan and the Ascott Performance Share Plan (cont'd)

The Ascott Group Limited	Balance as at 1 January 2006		Performance Shares conditionally granted/adjusted <sup>^</sup> during the year		Performance Shares released <sup>^^</sup> during the year		Performance Shares lapsed/ cancelled during the year		Balance as at 31 December 2006	
	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares
2003 award	2	572,223	–	–	2	(572,223)	–	–	–	–
2004 award	3	1,200,000	3	176,400	–	–	–	–	3	1,376,400
2005 award	9	2,310,000	9	353,430	–	–	–	–	9	2,663,430
2006 award	–	–	16	3,043,800	–	–	–	–	16	3,043,800
<b>Total</b>		<b>4,082,223</b>		<b>3,573,630</b>		<b>(572,223)</b>		<b>–</b>		<b>7,083,630</b>

<sup>^</sup> During the financial year, adjustments were made to the outstanding conditional performance shares awarded under the Ascott Performance Share Plan following the Preferential Offering of units in Ascott Residence Trust approved by the shareholders of The Ascott Group Limited (“TAG”) at its Extraordinary General Meeting held on 13 February 2006. TAG granted 176,400 and 353,430 performance shares under the 2004 and 2005 awards respectively to compensate for the decline in values of the said performance shares.

<sup>^^</sup> The release of 2003 award of 572,223 (2005: 219,000) performance shares during the financial year resulted in 707,000 (2005: 219,000) shares being issued.

### (f) Awards under the CapitaLand Restricted Stock Plan and the Ascott Restricted Stock Plan

As at 31 December 2006, no award has been granted since the inception of the restricted stock plans of the above-mentioned companies.

## Audit Committee

The Audit Committee members at the date of this report are Mr Richard Edward Hale (Chairman), Mr James Koh Cher Siang and Mrs Arfat Pannir Selvam.

The Audit Committee performs the functions specified by Section 201B of the Companies Act, Chapter 50, the Listing Manual of the SGX-ST, and the Code of Corporate Governance.

The principal responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities. Areas of review by the Audit Committee include:

- the reliability and integrity of financial statements;
- impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- compliance with laws and regulations, particularly those of the Companies Act, Chapter 50, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;

# Directors' Report

## Audit Committee (cont'd)

- adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions; and
- the findings of internal investigation, if any.

The Audit Committee met four times in 2006. Specific functions performed during the year included reviewing the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the directors of the Company for adoption. The Audit Committee also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

The Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set up by the Group and the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The Audit Committee also undertook quarterly reviews of all non-audit services provided by KPMG and its member firms and was satisfied that they did not affect their independence as external auditors of the Company.

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.

## Auditors

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

On behalf of the Board of Directors



**Dr Hu Tsu Tau**  
Director



**Liew Mun Leong**  
Director

**Singapore**  
**28 February 2007**