

# 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 2007.

## Directors

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

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

## 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 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.

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, options and contingent awards in the Company and its related corporations are as follows:

**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</b>		
<b>Ordinary shares</b>		
Hsuan Owyang	120,000	10,000
Liew Mun Leong	1,458,000	1,073,680
Lim Chin Beng	538,400	357,000
Jackson Peter Tai	50,000	150,000
Peter Seah Lim Huat	234,300	96,800
Richard Edward Hale	321,420	468,170
James Koh Cher Siang	6,250	6,250
Professor Kenneth Stuart Courtis	40,000	80,000
<b>Options to subscribe for ordinary shares exercisable from 13/06/2001 to 11/06/2010 at an exercise price of \$1.73<sup>1</sup> per share</b>		
Liew Mun Leong	1,077,000	–
<b>Options to subscribe for ordinary shares exercisable from 19/06/2002 to 18/06/2011 at an exercise price of \$1.67<sup>1</sup> per share</b>		
Liew Mun Leong	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	–
Jackson Peter Tai	100,000	–
Peter Seah Lim Huat	22,500	–
Richard Edward Hale	3,750	–
<b>Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2012 at an exercise price of \$1.01<sup>1</sup> per share</b>		
Liew Mun Leong	200,000	–
<b>Options to subscribe for ordinary shares exercisable from 01/03/2004 to 28/02/2008 at an exercise price of \$0.82<sup>1</sup> per share</b>		
Hsuan Owyang	198,000	–
Liew Mun Leong (exercisable from 01/03/2004 to 28/02/2013)	252,000	–
Jackson Peter Tai	118,800	118,800

# Directors' Report

## 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 28/02/2005 to 27/02/2009 at an exercise price of \$1.15' per share</i></b>		
Hsuan Owyang	170,000	–
Jackson Peter Tai	90,000	90,000
Richard Edward Hale	60,000	–
<b><i>Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2014 at an exercise price of \$1.02' per share</i></b>		
Liew Mun Leong	400,000	200,000
<b><i>Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2010 at an exercise price of \$2.26' per share</i></b>		
Dr Hu Tsu Tau	120,000	–
Hsuan Owyang	150,000	–
Lim Chin Beng	40,000	–
Jackson Peter Tai	90,000	90,000
Peter Seah Lim Huat	45,000	–
Richard Edward Hale	95,000	–
<b><i>Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2015 at an exercise price of \$2.25' per share</i></b>		
Liew Mun Leong	800,000	400,000
<b><i>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$3.75' per share</i></b>		
Dr Hu Tsu Tau	120,000	120,000
Hsuan Owyang	155,000	77,500
Lim Chin Beng	80,000	40,000
Jackson Peter Tai	70,000	70,000
Peter Seah Lim Huat	90,000	45,000
Richard Edward Hale	95,000	95,000
Professor Robert Henry Edelstein	50,000	50,000
James Koh Cher Siang	100,000	100,000
Arfat Pannir Selvam	80,000	80,000

## 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>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of \$3.73<sup>1</sup> per share</b>			
Liew Mun Leong		800,000	600,000
<b>Contingent award of Performance shares<sup>(a)</sup> to be delivered after 2006</b>			
Liew Mun Leong	(483,350 Performance shares)	0 to 966,700 <sup>2</sup>	– <sup>1</sup>
<sup>1</sup> During the financial year, 386,680 Performance shares were released under the 2004 award to Liew Mun Leong.			
<b>Contingent award of Performance shares<sup>(a)</sup> to be delivered after 2007</b>			
Liew Mun Leong	(417,933 <sup>1</sup> Performance shares)	0 to 830,880 <sup>2</sup>	0 to 835,866 <sup>2</sup>
<b>Contingent award of Performance shares<sup>(a)</sup> to be delivered after 2008</b>			
Liew Mun Leong	(414,754 <sup>1</sup> Performance shares)	0 to 824,560 <sup>2</sup>	0 to 829,508 <sup>2</sup>
<b>Contingent award of Performance shares<sup>(a)</sup> to be delivered after 2009</b>			
Liew Mun Leong	(301,800 <sup>1</sup> Performance shares)	–	0 to 603,600 <sup>2</sup>
<b>Contingent award of Restricted shares<sup>(b)</sup> to be delivered after 2007</b>			
Dr Hu Tsu Tau	(24,144 <sup>1</sup> Restricted shares)	–	0 to 36,216 <sup>3</sup>
Hsuan Owyang	(35,210 <sup>1</sup> Restricted shares)	–	0 to 52,815 <sup>3</sup>
Liew Mun Leong	(160,960 <sup>1</sup> Restricted shares)	–	0 to 241,440 <sup>3</sup>
Lim Chin Beng	(18,108 <sup>1</sup> Restricted shares)	–	0 to 27,162 <sup>3</sup>
Jackson Peter Tai	(14,084 <sup>1</sup> Restricted shares)	–	0 to 21,126 <sup>3</sup>
Peter Seah Lim Huat	(14,084 <sup>1</sup> Restricted shares)	–	0 to 21,126 <sup>3</sup>
Richard Edward Hale	(22,132 <sup>1</sup> Restricted shares)	–	0 to 33,198 <sup>3</sup>
Professor Robert Henry Edelstein	(10,060 <sup>1</sup> Restricted shares)	–	0 to 15,090 <sup>3</sup>
James Koh Cher Siang	(20,120 <sup>1</sup> Restricted shares)	–	0 to 30,180 <sup>3</sup>
Arfat Pannir Selvam	(18,108 <sup>1</sup> Restricted shares)	–	0 to 27,162 <sup>3</sup>
Professor Kenneth Stuart Courtis	(10,060 <sup>1</sup> Restricted shares)	–	0 to 15,090 <sup>3</sup>

# Directors' Report

## 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 Corporation</b>		
<b>The Ascott Group Limited</b>		
<b>Ordinary shares</b>		
Liew Mun Leong	452,500	452,500
Richard Edward Hale	562,500	830,000
Lim Chin Beng	950,000	925,000
Peter Seah Lim Huat	74,000	74,000
<b>Options to subscribe for ordinary shares exercisable from 05/05/2003 to 04/05/2007 at an exercise price of \$0.224 per share</b>		
Richard Edward Hale	37,500	–
<b>Options to subscribe for ordinary shares exercisable from 05/05/2003 to 04/05/2012 at an exercise price of \$0.176<sup>4</sup> per share</b>		
Liew Mun Leong	30,000	30,000
<b>Options to subscribe for ordinary shares exercisable from 10/05/2004 to 09/05/2013 at an exercise price of \$0.144<sup>4</sup> per share</b>		
Liew Mun Leong	60,000	60,000
<b>Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2009 at an exercise price of \$0.236<sup>4</sup> per share</b>		
Liew Mun Leong (exercisable from 01/03/2005 to 28/02/2014)	97,500	97,500
Richard Edward Hale	50,000	–
<b>Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2010 at an exercise price of \$0.301<sup>4</sup> per share</b>		
Richard Edward Hale	100,000	–
Lim Chin Beng	50,000	–
<b>Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2015 at an exercise price of \$0.300<sup>4</sup> per share</b>		
Liew Mun Leong	130,000	130,000

## 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 Corporation (cont'd)</b>		
<b>The Ascott Group Limited (cont'd)</b>		
<b>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$0.631<sup>4</sup> per share</b>		
Richard Edward Hale	160,000	80,000
Lim Chin Beng	150,000	75,000
<b>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of \$0.627<sup>4</sup> per share</b>		
Liew Mun Leong	200,000	200,000
<b>Contingent award of Restricted shares<sup>(b)</sup> to be delivered after 2007</b>		
Liew Mun Leong	(24,660 <sup>4</sup> Restricted shares)	– 0 to 36,990 <sup>3</sup>
Lim Chin Beng	(20,550 <sup>4</sup> Restricted shares)	– 0 to 30,825 <sup>3</sup>
Richard Edward Hale	(20,550 <sup>4</sup> Restricted shares)	– 0 to 30,825 <sup>3</sup>

### Footnotes:

<sup>1</sup> On 9 May 2007 and 30 May 2007, adjustments were made to the exercise prices of unexercised options and the number of shares under contingent awards respectively in accordance with the rules of the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan arising from the payment of a special dividend of \$0.05 per issued ordinary share for the financial year ended 31 December 2006.

<sup>2</sup> The final number of shares released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

<sup>3</sup> The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of two to three years. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award.

<sup>4</sup> On 7 May 2007, adjustments were made to the exercise prices of unexercised options and the number of shares under contingent awards in accordance with the rules of the Ascott Share Option Plan and the Ascott Restricted Share Plan arising from the payment of a bonus dividend of \$0.048 per issued ordinary share for the financial year ended 31 December 2006.

<sup>(a)</sup> Performance shares are shares under contingent awards pursuant to the CapitaLand Performance Share Plan.

<sup>(b)</sup> Restricted shares are shares under contingent awards pursuant to the CapitaLand Restricted Stock Plan and the Ascott Restricted Share Plan.

There was no change in any of the above-mentioned directors' interests in the Company and its related corporation between the end of the financial year and 21 January 2008.

# Directors' Report

## Directors' Interests in Contracts

During the financial year, the directors' interests in contracts relate to the purchase of a residential unit in one of the Group's projects in Singapore by a director of the Company and professional fees paid or payable to certain directors and/or to firms in which they are members and/or have a substantial financial interest, details of which are disclosed in "Other Information".

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.

Directors' enrolments and contractual benefits are disclosed in "Other Information".

## Share Plans

### (a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan

The CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan (collectively referred to as the "Share Plans") were approved and adopted by the members of the Company 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 has been the basic share incentive scheme that was widely applied across the Group. In 2007, the Share Option Plan has been replaced by the Restricted Stock Plan as the long term incentive scheme to employees across the Group, though the Share Option Plan remains an approved Share Incentive Scheme. The Performance Share Plan continues to apply only to key executives. The contingent 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.

## Share Plans (cont'd)

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

Under the Restricted Stock Plan, awards granted to eligible participants 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.

The principal terms of the Share Plans are:

- **Plans Size and Duration**

The aggregate number of new shares over which the ERCC may grant pursuant to the Share Option Plan, when aggregated with the number of new shares to be issued pursuant to the exercise of options and/or such number of fully paid shares in the Company as maybe required to be issued pursuant to the vesting of awards under the Performance Share Plan and the Restricted Stock Plan, shall not exceed 15% of the total number of issued shares in the 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 contingent 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 Associated Company (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.

# Directors' Report

## Share Plans (cont'd)

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

- **Participants of the Share Plans (cont'd)**

In respect of the Performance Share Plan and 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;
- 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 Associated Company 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 the Share Plans.

- **Maximum Entitlements**

The Share Plans provide that the number of options or contingent 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 acquisition prices which are equal to, or higher than, a price 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") 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 acquisition 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.

- **Acquisition Price**

The acquisition 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 equal to 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 (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) Options Granted

With effect from 2007, the Company and its subsidiary, The Ascott Group Limited ("Ascott"), have ceased granting options under the CapitaLand Share Option Plan and Ascott Share Option Plan and have granted contingent awards of shares under the CapitaLand Restricted Stock Plan and Ascott Restricted Share Plan in place of options.

With regards to the subsidiary, Australand (comprising the stapled entities of Australand Holdings Limited, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 and their controlled entities), 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 employees' obligations to repay the loan are 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. The last offer under Australand ESOP was made on 30 June 2006 and hence Australand ESOP will cease to exist on 30 June 2011.

In addition to the above Australand ESOP, options over unissued Australand stapled securities have previously been issued to employees under the terms of the Australand Share Option Scheme. No options have been issued under this scheme since March 2002. No future options will be issued under this scheme.

### (c) Options Exercised

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

Name of Company	Exercise Price (per share)	Number of Shares Issued
CapitaLand Limited	\$0.82 to \$4.67	24,703,638
The Ascott Group Limited	\$0.144 to \$0.963	11,838,500
Australand	A\$1.57	484,500

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.

# Directors' Report

## Share Plans (cont'd)

### (d) Unissued Shares under Options

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

Options Category	Number of Holders	Expiry Date	Exercise Price (\$ per share)	Number of Unissued Shares under Options
<b>The Company</b>				
Non-Executive Directors	3	28/02/2008	0.82	171,600
(including non-executive directors of subsidiaries and former directors)	3	13/12/2008	1.15	60,000
	3	13/12/2008	2.26	30,000
	5	27/02/2009	1.15	220,000
	7	25/02/2010	2.26	310,000
	20	24/02/2011	3.75	947,500
				<b>1,739,100</b>
<b>Group Executives</b>				
	1	02/05/2008	1.01	250
	1	02/05/2008	1.02	10
	1	02/05/2008	2.27	1,000
	2	02/05/2008	3.78	4,000
	1	15/01/2009 <sup>#</sup>	0.82	78,750
	2	15/01/2009 <sup>#</sup>	1.01	76,007
	2	15/01/2009 <sup>#</sup>	1.02	180,000
	2	15/01/2009 <sup>#</sup>	1.67	79,500
	1	15/01/2009 <sup>#</sup>	1.70	78,000
	2	15/01/2009 <sup>#</sup>	2.25	115,000
	1	15/04/2009 <sup>@</sup>	2.27	300
	3	15/01/2009 <sup>#</sup>	3.73	150,000
	2	12/04/2010	1.61	56,000
	32	11/06/2010	1.73	134,686
	10	03/08/2010	1.70	42,090
	34	18/06/2011	1.67	276,340
	45	10/05/2012	1.01	231,090
	85	28/02/2013	0.82	565,144
	12	29/08/2013	0.82	42,660
	1	22/09/2013	0.82	26,500
	392	27/02/2014	1.02	3,728,407
	1	18/03/2014	0.96	15,000
	32	27/08/2014	1.37	161,750
	1	24/01/2015	1.95	40,000
	517	25/02/2015	2.25	7,857,921
	53	26/08/2015	2.68	358,750
	731	24/02/2016	3.73	13,694,575
	1	19/06/2016	4.21	200,000
	97	01/09/2016	4.66	1,194,000
				<b>29,387,730</b>
<b>Total</b>				<b>31,126,830</b>

## Share Plans (cont'd)

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

<sup>#</sup> Employees of Raffles Holdings Limited ("RHL"), being designated as subsidiary employees, were granted options under the CapitaLand Share Option Plan ("Share Option Plan") to subscribe for ordinary shares in the capital of the Company. Following the cessation of RHL operations on 16 January 2007, these employees were retrenched. Pursuant to the rules of the Share Option Plan, the ERCC had approved the options held by those former employees of RHL to be fully vested as at 16 January 2007 and continue to be exercisable for a period of two years up to 15 January 2009.

<sup>®</sup> Arising from the divestment of Temasek Tower on 16 April 2007, the employees of Temasek Tower Limited were retrenched. Pursuant to the rules of the Share Option Plan, the ERCC had approved the options held by the former employees to be fully vested as at 16 April 2007 and continue to be exercisable for a period of two years up to 15 April 2009.

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	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	240,000	(120,000)	–	120,000
Hsuan Owyang	1,143,000	(1,065,500)	–	77,500
Liew Mun Leong	6,135,000	(4,935,000)	–	1,200,000
Lim Chin Beng	798,410	(758,410)	–	40,000
Jackson Peter Tai	688,800	(100,000)	(220,000)	368,800
Peter Seah Lim Huat	478,800	(433,800)	–	45,000
Richard Edward Hale	575,170	(480,170)	–	95,000
Professor Robert Henry Edelstein	50,000	–	–	50,000
James Koh Cher Siang	100,000	–	–	100,000
Arfat Pannir Selvam	80,000	–	–	80,000
	10,289,180	(7,892,880)	(220,000)	2,176,300
Non-Executive Directors of subsidiaries				
(including former directors of the Company)	7,932,860	(6,640,610)	(529,450)	762,800
Group Executives				
(excluding Liew Mun Leong)	134,883,673	(74,667,117)	(32,028,826)	28,187,730
Parent Group Executives and others				
	2,662,482	(2,232,834)	(429,648)	–
<b>Total</b>	<b>155,768,195</b>	<b>(91,433,441)</b>	<b>(33,207,924)</b>	<b>31,126,830</b>

# Directors' Report

## Share Plans (cont'd)

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

At the end of the financial year, there were also unissued ordinary shares of subsidiaries under options as follows:

Options Category	Number of Holders	Expiry Date	Exercise Price (\$ per share)	Number of Unissued Shares under Options
<b>The Ascott Group Limited</b>				
Non-Executive Directors	1	28/02/2009	0.236	60,000
	2	04/03/2010	0.301	130,000
	7	24/02/2011	0.631	640,000
				<b>830,000</b>
Group Executives and Parent Group Executives	1	31/03/2008	0.176	15,000
	2	15/01/2009	0.176	8,750
	1	15/01/2009	0.144	30,000
	2	15/01/2009	0.236	49,500
	2	15/01/2009	0.301	23,000
	3	15/01/2009	0.632	42,000
	10	20/12/2010	0.193	367,000
	16	29/06/2011	0.144	100,750
	47	04/05/2012	0.176	514,250
	93	09/05/2013	0.144	793,000
	158	28/02/2014	0.236	1,406,000
	215	04/03/2015	0.300	3,315,000
	29	01/09/2015	0.350	839,000
352	24/02/2016	0.627	7,873,250	
24	01/09/2016	0.963	915,000	
				<b>16,291,500</b>
<b>Total</b>				<b>17,121,500</b>
<b>Australand</b>				
Directors	2	13/03/2011	A\$1.57	87,500
Employees	25	13/03/2011	A\$1.57	492,250
<b>Total</b>				<b>579,750</b>

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

## 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 Company and Ascott have granted awards, conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of shares will only be released by the ERCC to the recipient at the end of the qualifying performance period, provided the threshold targets are achieved.

The final number of shares released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

The maximum number of shares which could be released, when aggregated with the number of new shares issued pursuant to the vesting of awards under the CapitaLand Restricted Stock Plan or in the case of Ascott, Restricted Share Plan as well as the exercise of options under the Share Option Plans, is within the 15% limit of the total number of issued share in the capital of the respective companies on the day preceding the relevant date of grant.

Details of the movement in the awards of the Company and Ascott during the year were as follows:

#### Awards under the CapitaLand Performance Share Plan

The Company Contingent Award	Balance as at 1 January 2007		Shares contingently granted/adjusted* during the year	Shares released** during the year	Shares lapsed or cancelled during the year	Balance as at 31 December 2007	
	No. of holders	No. of shares	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
2003	1	100,000	–	(100,000)	–	–	–
2004	13	2,459,615	620	(1,779,748)	(576,587)	1	103,900
2005	45	3,011,943	83,381	–	(156,725)	44	2,938,599
2006	57	3,432,243	85,398	–	(295,512)	55	3,222,129
2007	–	–	2,596,746	–	(52,816)	64	2,543,930
		<b>9,003,801</b>	<b>2,766,145</b>	<b>(1,879,748)</b>	<b>(1,081,640)</b>		<b>8,808,558</b>

\* During the financial year, adjustments were made to the number of shares under contingent awards in accordance with the rules of the CapitaLand Performance Share Plan arising from the payment of a special dividend of \$0.05 per issued ordinary share for the financial year ended 31 December 2006. The Company granted 620, 18,078, 20,593 and 15,215 shares under the 2004, 2005, 2006 and 2007 awards respectively to compensate for the decline in values of the said shares.

\*\* During the year, 2,356,335 (2006: 2,527,200) shares were issued under 2004 baseline award of 1,779,748 (2006: 3,446,000) shares. Another 140,000 shares were issued under 2003 baseline award of 100,000 shares.

# Directors' Report

## Share Plans (cont'd)

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

#### Awards under the Ascott Performance Share Plan

Ascott Contingent Award	Balance as at 1 January 2007		Shares contingently granted/adjusted <sup>^</sup> during the year	Shares released <sup>^^</sup> during the year	Shares lapsed or cancelled during the year	Balance as at 31 December 2007	
	No. of holders	No. of shares	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
2004	3	1,376,400	–	(1,229,125)	(147,275)	–	–
2005	9	2,663,430	240,586	–	(781,907)	11	2,122,109
2006	16	3,043,800	498,726	–	(964,639)	15	2,577,887
2007	–	–	3,096,018	–	(723,151)	16	2,372,867
		<b>7,083,630</b>	<b>3,835,330</b>	<b>(1,229,125)</b>	<b>(2,616,972)</b>		<b>7,072,863</b>

<sup>^</sup> During the financial year, adjustments were made to the number of shares under contingent awards in accordance with the rules of the Ascott Performance Share Plan arising from the payment of a bonus dividend of \$0.048 per issued ordinary share for the financial year ended 31 December 2006. Ascott granted 73,246, 81,982 and 70,268 shares under the 2005, 2006 and 2007 awards respectively to compensate for the decline in values of the said shares.

<sup>^^</sup> During the year, 1,376,400 (2006: 527,223) shares were issued under 2004 baseline award of 1,229,125 (2006: 707,000) shares.

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

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

The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The shares have a vesting schedule of two to three years. Recipient can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

The maximum number of shares which could be released, when aggregated with the number of new shares issued pursuant to the vesting of awards under the Performance Share Plans and the exercise of options under Share Option Plans, is within the 15% limit of the total number of issued shares in the capital of the respective companies on the day preceding the relevant date of grant.

## Share Plans (cont'd)

### (f) Awards under the CapitaLand Restricted Stock Plan and the Ascott Restricted Share Plan (cont'd)

Details of the movement in the awards of the Company and Ascott during the year were as follows:

#### Awards under the CapitaLand Restricted Stock Plan

The Company Contingent Award	Balance as at 1 January 2007		Shares contingently granted/adjusted <sup>+</sup> during the year	Shares released during the year	Shares lapsed or cancelled during the year	Balance as at 31 December 2007	
	No. of holders	No. of shares	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
<b>2007</b>	–	–	<b>4,866,354</b>	–	<b>(314,077)</b>	<b>1,052</b>	<b>4,552,277<sup>++</sup></b>

<sup>+</sup> During the financial year, adjustments were made to the number of shares under contingent awards in accordance with the rules of the CapitaLand Restricted Stock Plan arising from the payment of a special dividend of \$0.05 per issued ordinary share for the financial year ended 31 December 2006. The Company granted 28,204 shares (of which 3,826 are to be cash settled) to compensate for the decline in values of the said shares.

<sup>++</sup> As at 31 December 2007, the number of shares awarded and outstanding was 4,552,277, of which 625,404 are to be cash settled.

#### Awards under the Ascott Restricted Share Plan

Ascott Contingent Award	Balance as at 1 January 2007		Shares contingently granted/adjusted <sup>®</sup> during the year	Shares released during the year	Shares lapsed or cancelled during the year	Balance as at 31 December 2007	
	No. of holders	No. of shares	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
<b>2007</b>	–	–	<b>2,781,499</b>	–	<b>(510,507)</b>	<b>233</b>	<b>2,270,992<sup>®®</sup></b>

<sup>®</sup> During the financial year, adjustments were made to the number of shares under contingent awards in accordance with the rules of the Ascott Restricted Share Plan arising from the payment of a bonus dividend of \$0.048 per issued ordinary share for the financial year ended 31 December 2006. Ascott granted 70,212 shares (of which 1,856 are to be cash settled) to compensate for the decline in values of the said shares.

<sup>®®</sup> As at 31 December 2007, the number of shares awarded and outstanding was 2,270,992, of which 208,308 are to be cash settled.

# Directors' Report

## Share Plans (cont'd)

### (g) Awards under the Australand Tax Exempt Employee Security Plan and Australand Performance Rights Plan

During the year, Australand introduced two new securities-based schemes, namely Australand Tax Exempt Employee Security Plan ("TEP") and Australand Performance Rights Plan ("PRP").

#### (i) Australand Tax Exempt Employee Security Plan

To allow staff to participate in the benefits of being an Australand stapled security holder, and to better align their interests with those of the security holders, Australand introduced the TEP in May 2007.

The TEP provides up to A\$1,000 (tax free) of Australand stapled securities to staff who have been with Australand for more than nine months. TEP participants who remain with Australand are not allowed to sell the securities for three years, but any participant who does leave Australand takes the securities with them. Staff who participates in PRP do not participate in the TEP.

#### (ii) Australand Performance Rights Plan

The PRP is offered to senior staff to help align their interests with those of the security holders. The PRP provides performance rights over Australand stapled securities, which may vest into securities at the end of the three-year performance period, subject to achievement against pre-determined performance targets.

It is proposed that the Managing Director of Australand will participate in the PRP, subject to security holder's approval at the 2008 Annual General Meeting of Australand.

Set out below are summary of Performance Rights granted under the plan:

Australand Contingent Award	Balance as at 1 January 2007 No. of securities	Granted during the year No. of securities	Forfeited/cancelled during the year No. of securities	Balance as at 31 December 2007 No. of securities
2007	–	4,486,500	(575,000)	3,911,500

Australand may identify new targets for each plan taking into account the market conditions and Australand's performance.

## **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 “Act”), 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;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations, particularly those of the Act and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;
- the 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 2007. 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 Board of 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.

# Directors' Report

## **Audit Committee** (cont'd)

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 2008**