



FOCUS BALANCE SCALE

Annual Report 2003



PROFILE

CapitaLand is one of the largest listed property companies in Asia. Headquartered in Singapore, the multinational company's core businesses in property, hospitality, property services and real estate financial services are focused in gateway cities in Asia, Australia and Europe. In these countries, CapitaLand is in partnership with reputable local players and has established a management team that understands the market, business practices and socio-economic factors.

The company's hospitality businesses, in hotels and serviced residences, span more than 60 cities around the world. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop fee-based products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand Limited include Raffles Holdings, The Ascott Group, Australand Property Group (which is listed both in Singapore and Australia) and CapitaMall Trust.

1	5	9	13	17
2	6	10	14	18
3	7	11	15	19
4	8	12	16	20

CapitaLand Group's properties on the front cover are:

- | | | |
|---|-----------------------------|--------------------------------------|
| 1 Raffles Hotel Le Royal, Phnom Penh | 7 The Ascott Kuala Lumpur | 15 Plaza Singapura, Singapore |
| 2 Swissôtel Chicago | 8 The Ascott Beijing | 16 Tampines Mall, Singapore |
| 3 Swissôtel The Stamford and Raffles The Plaza, Singapore | 9 The Loft, Singapore | 17 Technopark @ Chai Chee, Singapore |
| 4 Swissôtel Métropole, Geneva | 10 Balmain Shores, Sydney | 18 Caltex House, Singapore |
| 5 Citadines Paris Louvre, Paris | 11 Regency Park, Sydney | 19 Springleaf Tower, Singapore |
| 6 Somerset Salcedo, Manila | 12 SunGlade, Singapore | 20 Capital Tower, Singapore |
| | 13 Canary Riverside, London | |
| | 14 Shinjuku Tower, Japan | |

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OUR MISSION

To build a world-class property company with international presence that:

- creates sustainable shareholder value
- delivers quality products and services
- attracts and develops quality human capital

OUR REACH

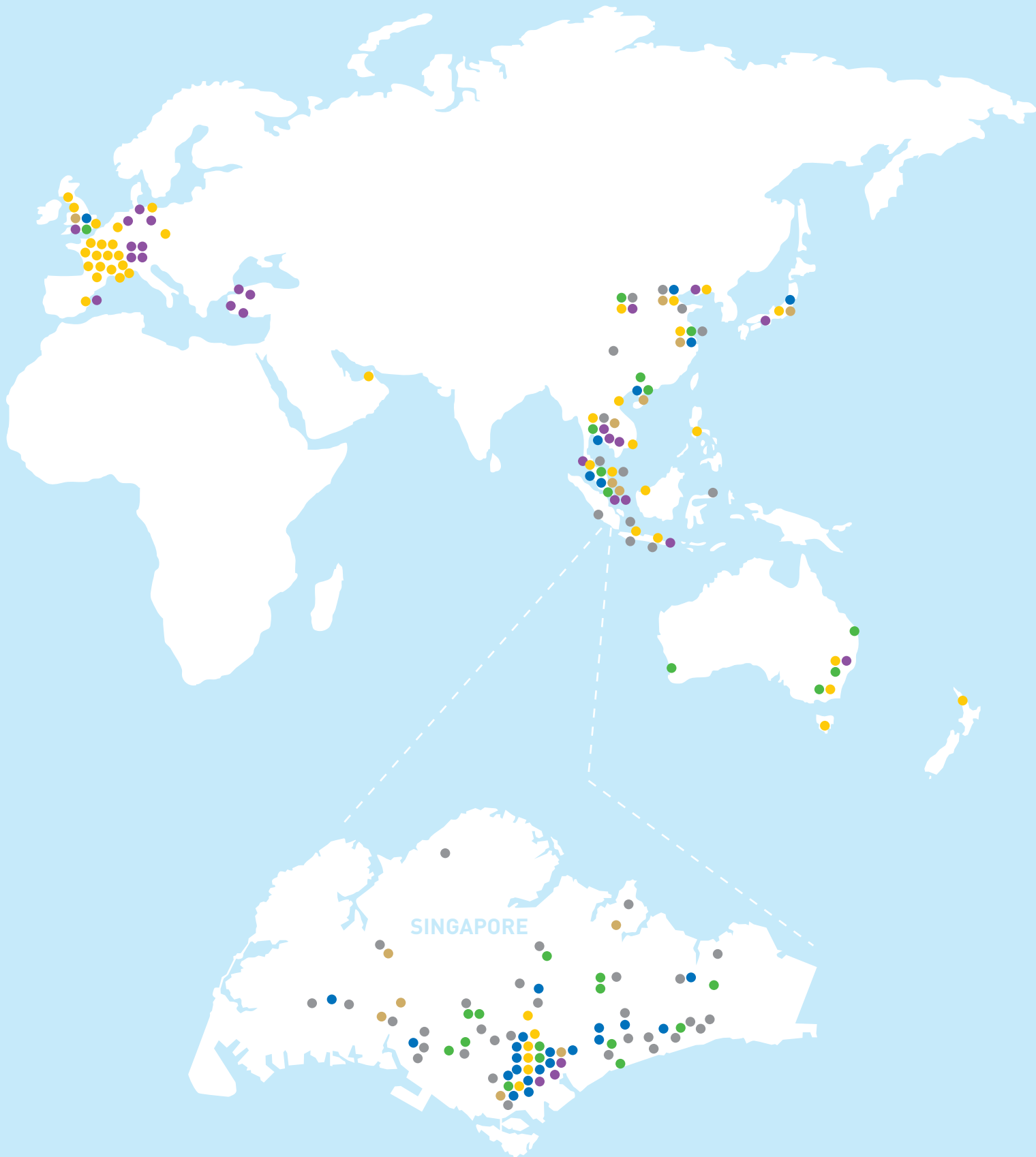
– Our businesses span more than 70 cities in 24 countries



KEY GATEWAY CITIES:

GLOBAL PRESENCE:

ASIA- PACIFIC				EUROPE		THE AMERICAS
Bangkok Beijing Dubai Hong Kong London Melbourne Shanghai Singapore Sydney Tokyo	Australia Brisbane Perth Hobart Sydney Melbourne	Indonesia Bali Bandung Bintan Jakarta Manado Palembang Surabaya	New Zealand Auckland	Belgium Brussels	Spain Barcelona Mallorca	Caribbean Canouan Island, The Grenadines
	Cambodia Phnom Penh Siem Reap	Japan Osaka Tokyo	Philippines Manila	France Aix-en-Provence Bordeaux Cannes Gaillard Genève Grenoble Lille Lyon Marseille Montpellier Nice Paris Strasbourg Toulouse	Switzerland Basel Geneva Montreux Zürich	Ecuador Quito
	China Beijing Chengdu Dalian Guangzhou Hong Kong Qingdao Shanghai Tianjin Wuhan Xiamen	Malaysia Johor Kuala Lumpur Kuching Penang	Singapore Thailand Bangkok Phuket	Germany Berlin Düsseldorf Hamburg	Turkey Bursa Göcek Izmir Istanbul	Peru Lima
			Vietnam Hanoi Ho Chi Minh City	Netherlands Amsterdam	UK London Glasgow Manchester	USA Atlanta Chicago Los Angeles New York
					MIDDLE EAST UAE Dubai	



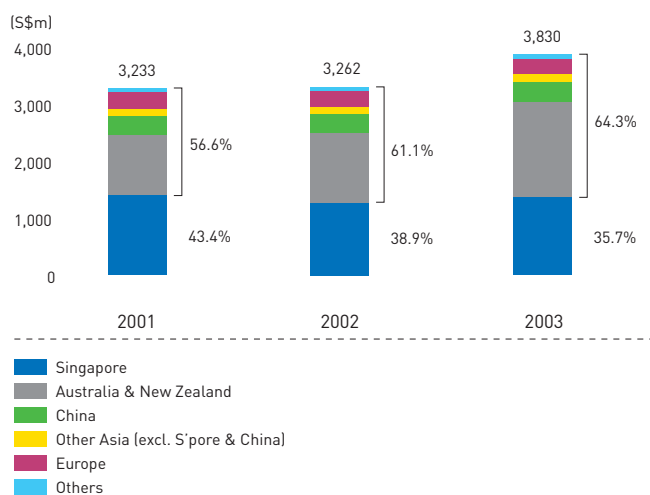
FINANCIAL HIGHLIGHTS

	2001 S\$ million	2002 S\$ million	2003 S\$ million
A PROFIT AND LOSS ACCOUNTS			
Revenue	3,233.2	3,261.7	3,830.1
Earnings Before Interest and Tax (EBIT)	368.8	764.9	595.6
Finance Cost	(408.2)	(284.0)	(240.8)
Net (Loss)/Profit attributable to Shareholders	(281.4)	280.0	105.3
B BALANCE SHEETS			
Total Assets	18,368.9	16,472.6	17,558.4
Shareholders' Funds	6,005.9	6,061.2	6,077.6
Net Debt	6,889.0	5,690.2	6,071.8
C FINANCIAL RATIOS			
Earnings per share after tax (cents)	(11.2)	11.1	4.2
Return on Shareholders' Funds (%)	(4.3)	4.6	1.7
Dividend & Distribution per share (cents)	3.0	5.0	40.0*
Net Tangible Assets per share (\$)	2.37	2.40	2.40
Debt Equity Ratio (net of cash) (times)	0.87	0.72	0.75
Interest Cover (times)	0.89	3.42	3.67
Interest Service Ratio (times)	3.31	4.61	5.52

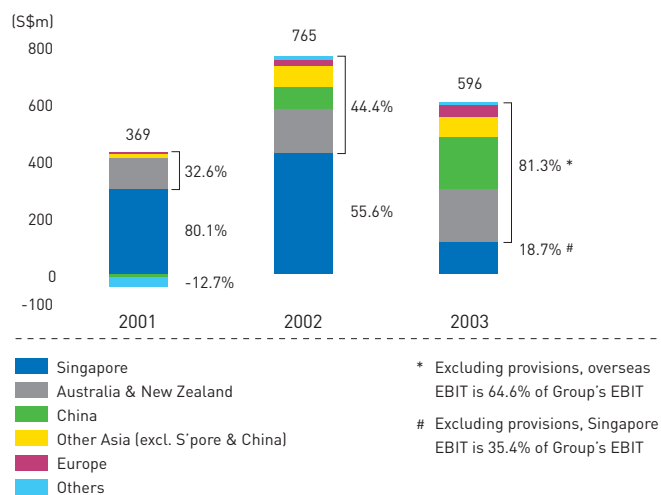
* Comprised gross dividends of 4 cents per share and distribution of Group's net asset value of 36 cents per share via a distribution in specie of 200 units of CapitaCommercial Trust units for every 1,000 CapitaLand shares held.

D TRENDS

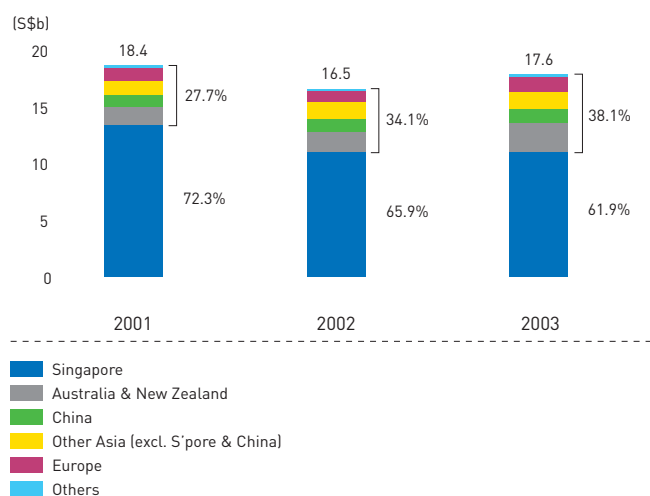
Revenue by Geographical Location



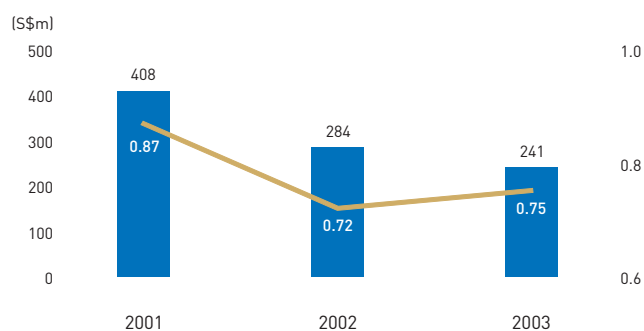
EBIT by Geographical Location



Total Assets by Geographical Location



Finance Costs and Gearing





FOCUS

We focus on our core competences in real estate and hospitality businesses. For real estate, we are in selected key gateway cities that are cosmopolitan and commercially vibrant.



BALANCE

We have a balanced portfolio of trading, investment and fee-based businesses in Singapore and overseas. We are flexible and nimble to seek and seize growth opportunities in mature and new markets.



SCALE

We have grown to a significant scale internationally and in key gateway cities. Our hospitality business has a global presence with highly visible brand recognition. Given our wide geographic reach, we are able to attract global talents and international partners.

LETTER TO SHAREHOLDERS



PHILIP YEO
Chairman



LIEW MUN LEONG
President and CEO

Dear Shareholders,

The Group revenue in 2003 was S\$3.83 billion, a 17.4% increase compared to S\$3.26 billion in 2002. At the operating level, the Group's underlying profits excluding the value of property revaluation, performed better than 2002. Excluding provisions and portfolio gains, the Group's 2003 PATMI (profit after tax and minority interests) was S\$210.6 million, compared to the 2002 PATMI of S\$172.3 million, a 22.2% increase. All of this was achieved despite the adverse effects of the Severe Acute Respiratory Syndrome (SARS) in Asia and war in Iraq.

At the end of the year, the Group did a comprehensive revaluation of the capital values of its investment properties in accordance with its standard practice and the decline in values reduced the Group's profit to S\$105.3 million after tax and minority interests. Finance costs were S\$240.8 million, which were S\$43.2 million or 15.2% lower than S\$284.0 million in 2002.

In the course of the year, we strengthened our balance sheet and generated healthy net cash flow from our operations, in excess of S\$1.3 billion in 2003, comparable to 2002. Overall, the Group was in a strong position to weather these difficult market conditions and deliver on its 'Focus, Balance, Scale' strategy, raise asset productivity, and grow higher value added services.

Benefiting from a Multi-Local Operations Strategy

By having a geographically spread portfolio, the Group was able to take advantage of the different property cycles and risk-return profiles in the different markets and reduce its reliance on any one market. During the SARS outbreak, for example, our global presence beyond Asia helped mitigate the negative impact of SARS in the Asian countries. More importantly, the overseas expansion has provided the Group with a strong platform for robust, profitable growth. Over the next five years, the Group plans to have at least 75% of its total earnings from overseas.

CHINA

The year also saw the Group taking further steps to add depth and breadth to our multi-local strategy. This strategy calls for a deep appreciation of the respective domestic real estate markets. In China, we expanded our residential development business. In Beijing, we acquired a 1.09 million square feet site in the Chaoyang District, near the Olympic Park, where approximately 2,000 quality condominium units can be developed over the next three to five years. To date, CapitaLand has built over 4,000 condominium units in Shanghai, with another 6,000 units under planning and development in Shanghai and Beijing. Our two new projects in Shanghai – La Cité and Oasis Riviera – received enthusiastic response.

“Overall, the Group was in a strong position to weather these difficult market conditions and deliver on its ‘Focus, Balance, Scale’ strategy, raise asset productivity, and grow higher value added services.”

Freshwater Place, Melbourne



Our three commercial properties in China are strategically located within thriving central business districts. In 2003, we completed the development of Raffles City Shanghai. Since its opening in November, the retail podium of Raffles City Shanghai has achieved 100% occupancy with an increasing flow of shoppers, because of its location in the heart of the Shanghai business district. Another commercial complex, located in Luwan's Huaihai Road central business district, will be completed by 2005. These commercial properties are in addition to Pidemco Tower in the Huangpu central business district.

Our hospitality and property services businesses also have a strong presence in China. The Ascott Group is the largest international player in the serviced residence sector, with 1,600 units; Raffles Holdings has 750 hotel rooms in Beijing and Dalian; while PREMAS manages 19.2 million square feet of real estate in five Chinese cities.

AUSTRALIA

In Australia, Australand continued to make healthy contributions with projects such as Freshwater Place in Melbourne and The Quadrant in Sydney. It also embarked on an exercise to “staple” its shares to a trust, Australand Property Trust, which holds two Wholesale Property Trusts (WPTs). The new stapled entity, listed as the Australand Property Group (APG), will have a higher proportion of recurrent income and enjoy stronger revenue stream. This will provide Australand with an enhanced business platform for

future growth. The stapling scheme was successfully implemented in November 2003 and trading of the APG has since commenced on the Australian and Singapore stock exchanges. APG is the first stapled property group to be listed in Singapore. Australand plans to staple more WPTs to the group for future growth.

THAILAND

Taking advantage of the rapid economic growth in Thailand, we increased our presence in the country through a S\$87 million (Baht 2 billion) joint venture with TCC Land of the TCC Group of companies, one of the largest conglomerates in Thailand. With TCC Land's strong domain knowledge and contacts in Thailand, and CapitaLand's breadth of international experience and real estate expertise, the joint venture, named TCC Capital Land, will grow our presence in the buoyant residential, office and retail sectors in Thailand.

SINGAPORE

While we have been expanding rapidly and aggressively overseas, we have not overlooked the opportunities within Singapore. In Singapore, we successfully launched two residential projects – The Imperial and The Botanic on Lloyd. The Group acquired a 99-year residential site at Jellicoe Road in Singapore in 2003 for development in the coming year.

LETTER TO SHAREHOLDERS

The Botanic on Lloyd, Singapore



Clarke Quay, Singapore



For commercial properties, the Group will continue to enhance or redevelop them to improve yields. Plaza Singapura was repositioned as an Orchard Road 'necessity mall', while Clarke Quay is being upgraded into a premier food, fashion and leisure precinct. The redevelopment of the One George Street site, located within the Raffles Place business district, will be completed on schedule end-2004.

Strengthening the Balance Sheet

In 2003, we refinanced 6 Battery Road, Robinson Point and 268 Orchard Road at lower interest rates. The refinancing of the S\$795.0 million loan resulted in interest savings of S\$14.1 million. Taking advantage of the low interest environment, the Group effectively raised fixed rate loans from 42% in 2000 to 66% in 2003. As at the end of December 2003, our net debt-to-equity ratio stood at a comfortable 0.75.

Over the last three years, the Group has monetised a total of S\$3.0 billion in assets and reduced debt by S\$2.1 billion. We have pared our interest costs progressively from S\$422.9 million in 2000 to S\$240.8 million in 2003.

We continued to monetise to lighten our asset base. Our hotel arm, Raffles Holdings, divested Raffles Brown's Hotel in London. The gain for CapitaLand from this divestment was S\$27.9 million. Our serviced residence arm, The Ascott Group, divested two serviced residences in the UK, while continuing to manage the properties.

Growing Higher Value Added Management Services

CapitaLand has stepped up its real estate financial services activities. The combination of real estate domain knowledge and financial skills has enabled the Group to develop real estate financial products. Examples include REITs and property funds, as well as services such as structured financing, property fund management and advisory services. CapitaMall Trust (CMT), the first listed REIT in Singapore, has given investors total returns of over 55% since its initial public offering in July 2002. The Group continued to expand its property funds business with the launch of three private property funds in 2003: the S\$500 million CapitaRetail Singapore Fund, the US\$100 million CapitaLand China Residential Fund and the US\$100-US\$200 million CapitaRetail Japan Fund. In addition, the Group has completed several real estate financial advisory and structuring deals in Singapore and Malaysia.

The Group also continued to grow its fee-based income through new management contracts. On the retail front, CapitaLand clinched a contract to manage The HarbourFront Mall, located on prime waterfront land opposite Singapore's Sentosa island. When completed in 2006, it will be the single largest retail and entertainment complex in Singapore. In November, we also acquired La Park Mizue, a suburban retail mall in Tokyo, Japan. With over 30 retail malls in Singapore, China, Japan, Malaysia and Indonesia, the CapitaLand Group is a leading manager of malls in the region.

“At CapitaLand, we firmly believe that integrity, excellence, professionalism and commitment form the bedrock for a sound system of policies, practices and internal controls.”

Nai Lert Park, Bangkok



CapitaLand's hospitality arms have been actively securing more management contracts. In 2003, Raffles Holdings clinched four management contracts, in Osaka (Japan), Bangkok and Phuket (Thailand), and Canouan Island (The Grenadines in the Caribbean). This has added more than 1,000 rooms to its hotel portfolio. It has also purchased the balance of the stake it did not already own in its flagship property, Raffles Hotel. During the year, The Ascott Group secured six new management contracts in Australia, China, Thailand, Malaysia, and the Gulf region. It will manage two prime serviced residences in Dubai in the United Arab Emirates.

Talent Management & Employee Development

The Group places strong emphasis on the development of human capital. Senior management is committed to the identification of talent through close monitoring of job performance and regular contact. This includes small group and one-on-one sessions between the CEO and senior management and the identified talents. Such sessions are held not only in Singapore but also overseas to include overseas staff. In 2003, a new talent development initiative was the CapitaLand Management Programme (CMP), conducted by senior management. CMP's two-day programme focuses on the Group's values and incorporates "hands on" management lessons for young managers and executives. Other initiatives included new development programmes like the

Essentials of Business Management Programme and the Strategic Business Leadership Programme. These have been launched to inculcate key leadership competencies at various levels. Promising CapitaLand executives are also sent for programmes in graduate business schools such as Harvard, INSEAD, IMD, Stanford and Wharton.

Corporate Governance

At CapitaLand, we firmly believe that integrity, excellence, professionalism and commitment form the bedrock for a sound system of policies, practices and internal controls. CapitaLand came out tops in corporate governance polls by regional financial magazines, FinanceAsia and Asiamoney, and a study of 180 listed-property companies in Asia-Pacific by the National University of Singapore. CapitaLand also clinched the Most Transparent Company Award in the Property category from the Securities Investors Association (Singapore) for the third consecutive year.

LETTER TO SHAREHOLDERS

China-Singapore Partnership Forum, Shanghai



China-Singapore Partnership Forum

A highlight of the year was the China-Singapore Partnership Forum in Shanghai, which we organised jointly with Temasek Holdings and International Enterprise Singapore (IE Singapore). Held in August 2003, the forum brought together more than 500 business leaders from China, Singapore and other parts of the world, and was the largest forum to be held in Shanghai following the outbreak of SARS in China. Among its numerous benefits, the Forum provided valuable networking opportunities for the leaders of top companies in China and Singapore to come together and explore the myriad investment opportunities in both countries.

Community Relations

As a tribute to all healthcare frontliners who bravely fought SARS during the unforeseen outbreak, CapitaLand Group's management and staff in Singapore contributed more than S\$45,000 towards setting up the Healthcare Frontliners Award at the Nanyang Polytechnic School of Health Sciences. The Group also donated airport thermal scanners to the governments of China and Vietnam to help them combat the disease. We also contributed towards the Singapore Music Conservatory, now renamed the Yong Siew Toh Conservatory of Music, and the newly-established Lee Kuan Yew School of Public Policy at the National University of Singapore. The School strives to become a nexus for academic study, research and practice in public policy.

Going Forward

We are confident that we will continue to build shareholder value through the three principles of 'Focus, Balance and Scale' that underpin our strategy: focused on real estate and hospitality businesses, with a balanced portfolio of trading, investment and fee-based businesses in Singapore and overseas, and having significantly large scale to be an international player of repute. Maintaining a strong presence in Singapore and growing our operations internationally will continue to be key thrusts for the Group.

The Group will work towards raising capital productivity. We will allocate capital to higher yielding assets, and leverage upon our asset base and real estate knowledge to grow our fee-based services. Looking ahead, the Group will create a commercial REIT, CapitaCommercial Trust (CCT), and distribute in-specie CCT units free to its CapitaLand shareholders. It will mark another milestone in Singapore's capital and real estate markets. The proposed listing of CCT is targeted for May 2004.

The Group achieved S\$20.9 million in synergistic cost savings through group bulk purchasing in 2003. We will continue with procurement initiatives across our strategic business units to obtain economies of scale and to increase operational efficiencies. To capitalise on the Group's unique spread of services and geographical markets, we will step up corporate marketing activities to exploit cross-marketing and selling opportunities across the Group's extensive

“The Group will work towards raising capital productivity. We will allocate capital to higher yielding assets, and leverage upon our asset base and real estate knowledge to grow our fee-based services.”

network of client and business contacts. A Strategic Corporate Marketing unit has been formed, to spearhead initiatives to better market the Group as a whole.

In the span of three short years, CapitaLand has emerged as a highly regarded international property and hospitality Group. Our success is attributable to our shareholders, customers, tenants, service providers and partners. We would like to thank them all for their support, confidence and trust.

In particular, we wish to express our deep appreciation to our Board members for their invaluable contributions. In 2003, we welcomed Mr Richard Hale, who joined our Board on 10 February 2003, and Mr Andrew Buxton, who was appointed a Director with effect from 1 June 2003.

In October, CapitaLand's International Advisory Panel (IAP), comprising industry leaders, chief executives and experts from the corporate world, met in Singapore to discuss the Group's international strategy. Our management has benefited greatly from the advice of both the Board and the IAP.

Of equal significance is the contribution from our staff. We wish to commend them for their hard work. Together, we will achieve a successful 2004.

PHILIP YEO
Chairman

27 February 2004

LIEW MUN LEONG
President and CEO

Riding the Strategic Inflection Point

During the economic boom in the early '90s, easy financing led to the build up of an excessive supply of real estate in many Asian countries. The Asian financial crisis and the bursting of the property bubble highlighted the weakness of the real estate industry, which was speculative and too focused on expectations of capital appreciation. Following the crisis, banks became more cautious in their real estate lending. This meant that the financing mechanism for Asian real estate had to change, bringing about a "Strategic Inflection Point", where the ownership and funding of real estate will see a fundamental shift to public and private real estate capital markets.

Unlike traditional Asian real estate firms, capital market investors are strongly focused on yields. Real estate investment products with recurrent income that appeal to these investors will grow, as seen in the rapidly growing interest in REITs in Asia. As capital markets play an important role in promoting international investment in real estate, this will also increase the pace of internationalisation of the Asian real estate industry.

CapitaLand saw the change in the real estate landscape and began to build its capabilities in financial skills to ride this strategic inflection point. The Group has added skills in origination, structuring, distribution and risk management to its core real estate domain knowledge, asset base and industry networks. It already has an impressive track record for pioneering REITs in Singapore, creating offshore property funds and various other financial initiatives.

BOARD OF DIRECTORS



PHILIP YEO
Chairman



HSUAN OWYANG
Deputy Chairman



PETER SEAH
Director



LIM CHIN BENG
Director



JACKSON TAI
Director



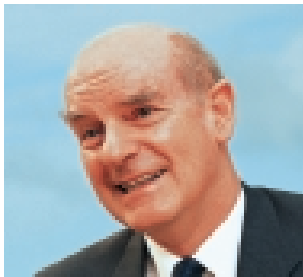
SIR ALAN COCKSHAW
Director



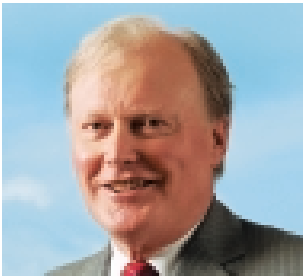
SUM SOON LIM
Director



LUCIEN WONG
Director



RICHARD HALE
Director



ANDREW BUXTON
Director



LIEW MUN LEONG
President & CEO

DIRECTORS' PROFILE

PHILIP YEO

Chairman

Mr Philip Yeo, a Non-Executive Independent Director, joined the CapitaLand Board on 15 September 1999 and was elected Chairman on the same day. He was last re-elected as Director at CapitaLand's Annual General Meeting on 9 May 2003. In addition, Mr Yeo is also Chairman of CapitaLand's Investment Committee.

Mr Yeo's current directorships in other companies include United Overseas Bank, Industrial & Commercial Bank, Singapore Precision Industries 2000 Pte Ltd, SilkRoute Holdings Pte Ltd, A-Bio Pharma Pte Ltd and InfoSys Technologies Limited.

Mr Yeo is currently the Chairman of the Agency for Science, Technology & Research and Co-Chairman of the Singapore Economic Development Board (EDB). He was Chairman of the EDB from January 1986 to January 2001. He had served in the Ministry of Defence from 1970, holding several appointments including as the Permanent Secretary. He set up the National Computer Board and became its first Chairman from 1981 to 1987.

Mr Yeo graduated in 1970 in Applied Science (Industrial Engineering) from the University of Toronto, Canada, under a Colombo Plan Scholarship. He also holds a Master of Science (Systems Engineering), 1974 from the University of Singapore and a Master in Business Administration, 1976 from Harvard University, USA, as a Fulbright scholar. In 1997, he was honoured with a Doctor of Engineering by his alma mater, University of Toronto.

HSUAN OWYANG

Deputy Chairman

Mr Hsuan Owyang, a Non-Executive Independent Director, joined the CapitaLand Board on 20 November 2000 and was elected Deputy Chairman on the same day. He was last re-elected as Director at CapitaLand's Annual General Meeting on 9 May 2003.

Mr Owyang is Chairman of CapitaLand's Finance and Budget Committee and Deputy Chairman of CapitaLand's Investment Committee, and also sits on CapitaLand's Executive Resource and Compensation Committee and Nominating Committee. Mr Owyang is also Chairman of CapitaMall Trust Management Limited.

In addition, Mr Owyang is Chairman, Board of Governors of The Institute of Policy Studies, N.M. Rothschild & Sons (Singapore) Limited and Ayala International Holdings Limited. He is also a Director of MobileOne Limited and former Chairman of Transpac Industrial Holdings Limited, both companies listed on the SGX-ST.

He served on the Board of Singapore's Housing Development Board (HDB) since 1977 and was appointed Chairman of the HDB in 1983 until his retirement in October 1998. Mr Owyang had extensive banking experience and worked on Wall Street for 12 years as an investment advisor. He was also Director and General Manager of Overseas Union Bank which he was associated with for more than 18 years before his appointment as Executive Deputy Chairman of Post Office Savings Bank until 1988.

Mr Owyang is a graduate of the University of Dubuque, USA with a BSc in Business Administration. He also holds a Master in Business Administration from Harvard University, USA.

PETER SEAH

Director

Mr Peter Seah, a Non-Executive Director, joined the CapitaLand Board on 18 December 2001 and is also serving as Chairman of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee. He was last re-elected as Director at CapitaLand's Annual General Meeting on 2 May 2002.

Currently, Mr Seah is Chairman of SembCorp Industries Ltd and Singapore Technologies Engineering Ltd and is a director of various companies in the Singapore Technologies Group. He sits on the boards of Government of Singapore

Investment Corporation Pte Ltd, Institute of Defence & Strategic Studies and the Defence Science and Technology Agency. He also serves as Vice President of Singapore Chinese Chamber of Commerce & Industry and Treasurer of Singapore Business Federation.

Mr Peter Seah assumed his current position as President & CEO of Singapore Technologies Pte Ltd on 1 December 2001. Prior to this, Mr Seah was with Overseas Union Bank (OUB) since 1977, holding several senior positions and becoming its President & CEO in 1991. Mr Seah retired as Vice Chairman and CEO from OUB on 30 September 2001.

Mr Seah graduated from the University of Singapore with an honours degree in business administration in 1968.

LIM CHIN BENG

Director

Mr Lim Chin Beng, a Non-Executive Independent Director, joined the CapitaLand Board on 23 February 1998 and was last re-elected as Director at CapitaLand's Annual General Meeting on 9 May 2003. Mr Lim is also a Member of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Currently, Mr Lim is Chairman of The Ascott Group Limited, Singapore Technologies Aerospace Limited, Singapore Press Holdings Limited, SPH MediaWorks Ltd and Valuair Ltd. He is also a Director of StarHub Limited, Pontiac Land Private Limited and Press Foundation of Singapore Ltd. He is a Member of the Public Service Commission.

Mr Lim has 30 years of experience in the aviation industry beginning with the Malaysian Airlines in the 1960s. In the 1970s, he helped start up Singapore Airlines and was its Managing Director from 1972 to 1982. Mr Lim retired as Deputy Chairman of Singapore Airlines in 1996. Between 1991 to 1997, Mr Lim was also Singapore's Ambassador to Japan.

DIRECTORS' PROFILE

Mr Lim is a graduate from the University of Malaya with BA (Economics) (Honours). He also attended an Advanced Management Program at the Harvard Business School, USA in 1973.

JACKSON TAI

Director

Mr Jackson Tai, a Non-Executive Independent Director, joined the CapitaLand Board on 20 November 2000 and was last re-elected as Director at CapitaLand's Annual General Meeting on 2 May 2001. In addition, Mr Jackson Tai is a Member of CapitaLand's Investment Committee, Executive Resource and Compensation Committee, Nominating Committee and Finance and Budget Committee.

Currently, Mr Tai is Vice Chairman and CEO of DBS Group Holdings and DBS Bank, and also Chairman of the DBS Group Holdings' Management Committee. He is also Chairman of DBS Group Holdings (Hong Kong) Ltd. Prior to joining DBS Bank, Mr Tai was a Managing Director of J P Morgan & Co's Investment Banking Division.

Besides CapitaLand, Mr Tai is a Director of Singapore Telecommunications Limited. He also sits on the Boards of Jones Lang LaSalle Incorporated, DBS Bank (Hong Kong) Limited and MasterCard Asia/Pacific.

Mr Tai graduated with a BSc degree from the Rensselaer Polytechnic Institute, USA. He also holds a Master of Business Administration from Harvard University, USA.

SIR ALAN COCKSHAW

Director

Sir Alan Cockshaw, a Non-Executive Independent Director, joined the CapitaLand Board on 1 July 1999 and was last re-elected as Director at CapitaLand's Annual General Meeting on 2 May 2002. He is a Member of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Currently, Sir Alan is also Chairman of the Roxboro Group Plc, HPR Holdings Ltd., PCS International Ltd, and Shawbridge Management Ltd.

Based in the UK, his early career was spent in both the public and private sectors. In 1973, he joined Fairclough Civil Engineering and was appointed Chief Executive in 1978 and a Member of the main board of Fairclough Construction Group in 1981. In 1982, Fairclough acquired the Press Group and in so doing created the AMEC Group where Sir Alan became Group Chief Executive in 1984 and Chairman in 1988. He retired from AMEC in 1997. Sir Alan has also held a number of public positions on behalf of the UK Government and was Chairman of English Partnerships, the national regeneration agency, and the Commission for the New Towns, which merged in 1999. He is a Past President of the Institution of Civil Engineers and a Fellow of the Royal Academy of Engineering.

Sir Alan holds an Honorary Degree of Doctor of Engineering and an Honorary Degree of Doctor of Science.

SUM SOON LIM

Director

Mr Sum Soon Lim, a Non-Executive Director, joined the CapitaLand Board on 23 October 1998 and was last re-elected as Director at CapitaLand's Annual General Meeting on 9 May 2003. In addition, Mr Sum is Chairman of CapitaLand's Risk Committee and Corporate Disclosure Committee. He is also a Member of CapitaLand's Audit Committee.

Mr Sum's directorships include Chartered Semiconductor Manufacturing Ltd, Singapore Technologies Telemedia Pte Ltd, Singapore Health Services Pte Ltd, Vertex Venture Holdings Ltd and Singapore Press Holdings Ltd. Mr Sum is also a Commissioner of PT Indonesian Satellite Corporation (Indosat) and a Member of the Securities Industry Council. He formerly sat on the Board of ST Assembly Test Services Ltd, a public company listed on the SGX-ST.

Mr Sum has worked for the Singapore Economic Development Board, DBS Bank, J P Morgan Inc, Overseas Union Bank and Nuri Holdings (S) Pte Ltd, a private investment holding company. Mr Sum is a Corporate Advisor to Singapore Technologies Pte Ltd and Temasek Holdings (Private) Limited.

Mr Sum is a graduate of the University of Nottingham, UK with a BSc (Hons) in Production Engineering.

LUCIEN WONG

Director

Mr Lucien Wong, a Non-Executive Independent Director, joined the CapitaLand Board on 20 November 2000 and was last re-elected as Director at CapitaLand's Annual General Meeting on 2 May 2001. In addition, Mr Wong is a Member of CapitaLand's Audit Committee, Corporate Disclosure Committee and Risk Committee.

He is also a Director of Singapore Technologies Engineering Ltd, a public company listed on the SGX-ST.

Mr Wong is the Managing Partner of Allen & Gledhill. He has been in legal practice for more than 20 years, specialising in corporate and finance work and has been involved in several landmark corporate transactions in Singapore.

Mr Wong is a graduate in LLB (Honours) from the University of Singapore.

RICHARD HALE

Director

Mr Richard Hale, a Non-Executive Independent Director, joined the CapitaLand Board on 10 February 2003, and was appointed as Chairman of CapitaLand's Audit Committee and a Member of CapitaLand's Risk Committee on the same day. He was last re-elected as Director at CapitaLand's Annual General Meeting on 9 May 2003.

Mr Hale also sits on the Board of The Ascott Group Limited (Ascott) and is Chairman and Member of Ascott's Nominating Committee and Executive Resource and Compensation Committee, respectively.

In addition, he is a Fellow of the Singapore Institute of Directors and also sits on the Boards of Sembcorp Industries Ltd and Marco Polo Developments Ltd, companies listed on the SGX-ST, and of Wildlife Reserves Singapore Pte Ltd and World-Wide Shipping Agency (Singapore) Pte Ltd.

Mr Hale started his career with The Hongkong and Shanghai Banking Corporation Ltd in October 1958 and served in London, Paris, Hong Kong, Germany, Malaysia, Japan and Singapore before retiring from the Bank as CEO Singapore and Director in March 1995. From July 1995 to September 1997, he acted as advisor on environmental matters for HSBC Holdings Plc London based in Singapore. Mr Hale was Executive Chairman of SNP Corporation Ltd from 1 April 1999 to April 2000, and also served as Chairman of the Singapore International Chamber of Commerce for 1993 and 1994. He was formerly a Governor of United World College of South East Asia, Singapore.

Mr Hale is a Fellow of the Chartered Institute of Bankers, London.

ANDREW BUXTON

Director

Mr Andrew Buxton, a Non-Executive Independent Director, joined the CapitaLand Board on 1 June 2003. He is also a Director of CapitaLand Financial Limited, a subsidiary of CapitaLand.

Currently, Mr Buxton is Deputy Chairman of Xansa Plc, Chairman of Allied Schools Limited, a group of private schools in the United Kingdom, and Chairman of Heart of the City, an organisation which assists businesses based in the City of London in supporting the wider community. He is

also Chairman of the Saudi British Business Council which promotes trade between Saudi Arabia and Great Britain.

Mr Buxton retired in 1999 as Executive Chairman of Barclays Bank Plc. He joined Barclays in 1963 and rose to be in charge of the Bank's Corporate Division, becoming Chairman in 1993. After his retirement, he became the Senior Advisor to the Barclays group on Middle East business until 2003.

He was President of the British Bankers Association from 1998 to 2002, and was a Member of the Court of the Bank of England from 1997 to 2001. He was also Chairman of the Charing Cross and Westminster Medical School in London, and a Governor of the Imperial College of Science, Technology and Medicine.

Mr Buxton holds a Masters Degree in Politics, Philosophy and Economics from Oxford University. He has also been awarded an Honorary Doctor of Science from the City University, London, and is a Fellow of the Institute of Bankers.

Mr Buxton was honoured in the Queen's Birthday Honours in June 2003 when he was made a Companion of the Most Distinguished Order of St. Michael and St. George (CMG).

LIEW MUN LEONG

President & CEO

Mr Liew Mun Leong is President & CEO of CapitaLand. He joined the CapitaLand Board as Director on 1 January 1997 and was last re-elected as Director at CapitaLand's Annual General Meeting on 9 May 2003. He also serves on CapitaLand's Investment Committee, Nominating Committee, Corporate Disclosure Committee and Finance and Budget Committee.

Concurrently, Mr Liew is Deputy Chairman of The Ascott Group Limited and Raffles Holdings Limited, subsidiaries of CapitaLand listed on the SGX-ST. He is Deputy Chairman of CapitaMall Trust Management Limited, the manager of CapitaMall Trust, the first listed real estate investment trust in Singapore. He is also Chairman of CapitaLand Residential Limited, CapitaLand Commercial Limited and PREMAS International Limited, and Deputy Chairman of CapitaLand Financial Limited.

In addition, Mr Liew is Chairman of the Board of Governors of Temasek Polytechnic and a Board Member of the Public Utilities Board.

With more than 25 years of international experience in construction and real estate in Singapore and overseas, Mr Liew led a number of public sector infrastructural development projects in Singapore, including the successful development and construction of Changi International Airport. For five years, he was CEO of Singapore Institute of Standards and Industrial Research (SISIR), a statutory board responsible for Singapore's national standards and industrial research and development to support the manufacturing industry in Singapore. Thereafter, he headed a public listed engineering and construction company in Singapore. From 1997 to 1998, Mr Liew was also the President of International Organisation for Standardisation (ISO).

Mr Liew graduated from the University of Singapore with a civil engineering degree in 1970 and is a registered professional civil engineer.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Philip Yeo Liat Kok
Chairman

Hsuan Owyang
Deputy Chairman

Liew Mun Leong
President & CEO

in alphabetical order:

Andrew Buxton
Sir Alan Cockshaw
Richard Edward Hale
Lim Chin Beng
Peter Seah Lim Huat
Sum Soon Lim
Jackson Peter Tai
Lucien Wong Yuen Kuai

Company Secretary

Tan Wah Nam

Assistant Company Secretary

Jessica Lum

Audit Committee

Richard Edward Hale
Sum Soon Lim
Lucien Wong Yuen Kuai

Investment Committee

Philip Yeo Liat Kok
Hsuan Owyang
Liew Mun Leong
Jackson Peter Tai
Lui Chong Chee

Executive Resource and Compensation Committee

Peter Seah Lim Huat
Hsuan Owyang
Sir Alan Cockshaw
Lim Chin Beng
Jackson Peter Tai

Nominating Committee

Peter Seah Lim Huat
Hsuan Owyang
Liew Mun Leong
Sir Alan Cockshaw
Lim Chin Beng
Jackson Peter Tai

Finance and Budget Committee

Hsuan Owyang
Liew Mun Leong
Jackson Peter Tai
Lui Chong Chee

Corporate Disclosure Committee

Sum Soon Lim
Liew Mun Leong
Lucien Wong Yuen Kuai

Risk Committee

Sum Soon Lim
Richard Edward Hale
Lucien Wong Yuen Kuai

Registered Address

168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Telephone: (65) 6823 3200
Facsimile: (65) 6820 2202

Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

Auditors

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone: (65) 6213 3388
Facsimile: (65) 6225 6157
(Engagement Partner since financial year ended 31 December 2001: Martha Tan Hui Keng)

Principal Bankers

- Australia and New Zealand Banking Group Limited
- BNP Paribas
- Citibank N.A.
- Credit Agricole Indosuez
- Commonwealth Bank of Australia
- DBS Bank Ltd
- Hang Seng Bank Limited
- Malayan Banking Berhad
- Mizuho Corporate Bank, Ltd.
- Oversea-Chinese Banking Corporation Limited
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- The Hongkong and Shanghai Banking Corporation Limited
- United Overseas Bank Limited
- Westpac Banking Corporation

INTERNATIONAL ADVISORY PANEL

The CapitaLand International Advisory Panel (IAP) was formed in late 1999, as part of the Group's effort to tap the experiences and advice of corporate leaders from regional and global companies. The Panel meets once a year to advise and exchange views with management on global trends and regional developments, and provides inputs on the Group's strategies and businesses. Chaired by Sir Alan Cockshaw, the IAP currently has 11 members, comprising industry leaders and chief executives of global corporations from Asia, Europe and the United States. The members of the CapitaLand IAP are:

Sir Alan Cockshaw

Chairman,
PCS International Limited
The Roxboro Group PLC
United Kingdom

Dr Victor Fung

Group Chairman,
Li & Fung Distribution
(Management) Ltd
Hong Kong

Dr Vichit Suraphongchai

Chairman of Executive Committee,
The Siam Commercial Bank
Public Co Ltd
Thailand

Dr Kenneth Courtis

Vice Chairman,
Goldman Sachs (Japan)
Limited
Japan

Vernon R Loucks, Jr

Chairman,
The Aethena Group, LLC
United States

Tan Sri Datuk Dr Ahmad

Tajuddin Bin Ali

Chairman,
Gas Malaysia Sdn Bhd,
Malaysia

Jan D. Doets

CEO, ING Real Estate
Netherlands

Alasdair G Morrison

Chairman & CEO,
Morgan Stanley Asia
Hong Kong

Ms Marjorie Yang

Chairman, Esquel Group
Hong Kong

Dr Fu Yu Ning

Director & President,
China Merchants Holdings Co., Ltd
People's Republic of China

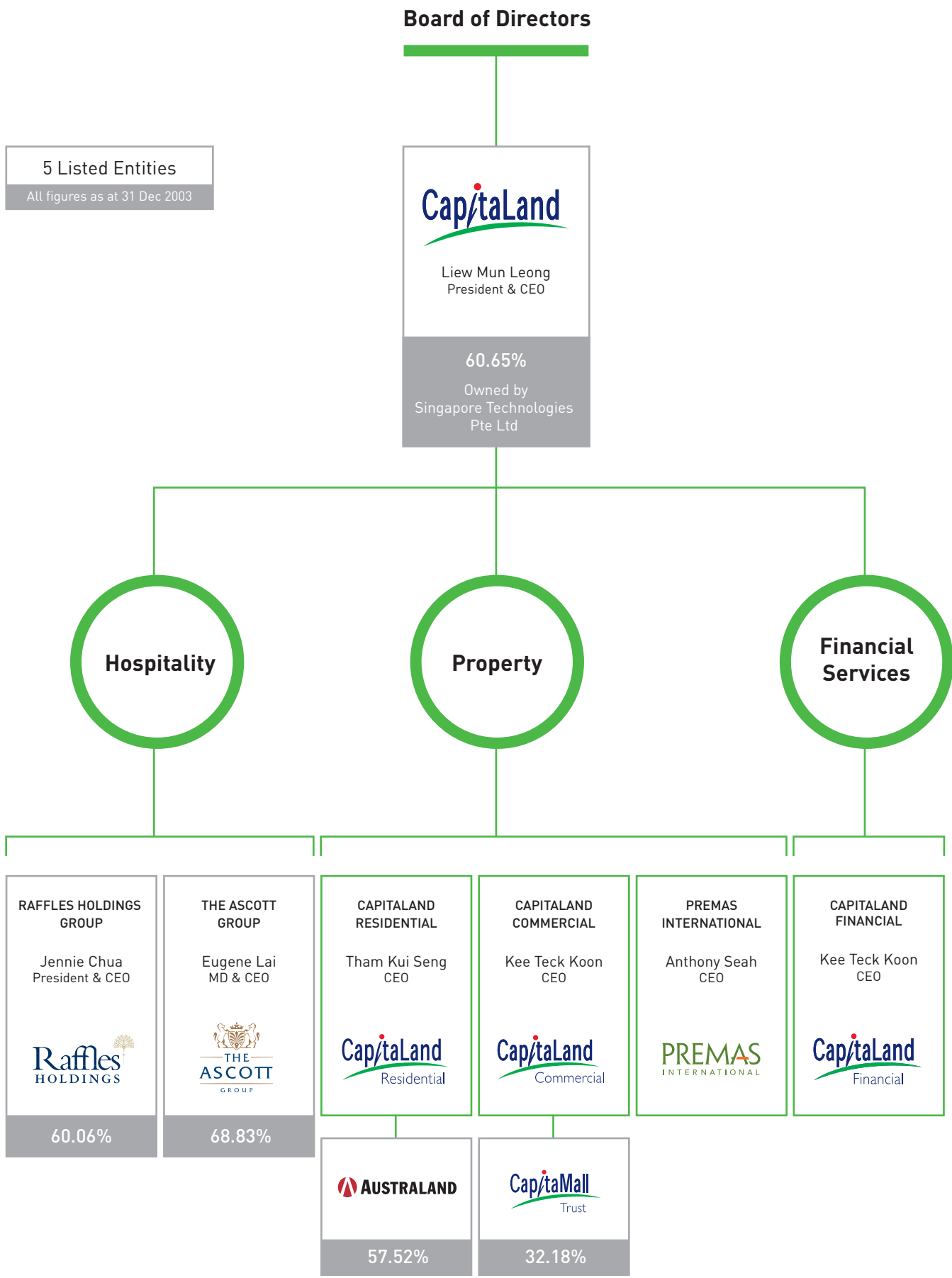
Joseph E Robert, Jr

Chairman & CEO,
The J E Robert Companies
United States

The 6th CapitaLand IAP Meeting was held in Singapore in November 2003. The focus of this meeting was on CapitaLand's international strategy. The CapitaLand International Forum was also held in conjunction with the IAP meeting, during which three Panel members, namely Dr Kenneth Courtis, Dr Victor Fung and Mr Jan Doets, together with Professor Tommy Koh and Mr Jackson Tai, shared their views on global competition and the implications for Singapore's real estate industry.

Looking ahead, CapitaLand will continue to tap on the Panel's international expertise and networks to guide the Group in its overseas strategies and its efforts to build a global network of partners and investors.

GROUP STRUCTURE



MR LIEW MUN LEONG

President and Chief Executive Officer – CapitaLand Limited

Mr Liew is President and Chief Executive Officer of CapitaLand and Deputy Chairman of The Ascott Group, Raffles Holdings and CapitaMall Trust. He has more than 25 years' experience in the construction and real estate industries. Mr Liew is also Chairman of Temasek Polytechnic and a past President of the International Organisation for Standardisation (ISO). Mr Liew graduated from the University of Singapore with a Bachelor of Engineering degree and is a registered civil engineer.

MR LUI CHONG CHEE

Chief Financial Officer – CapitaLand Limited

Mr Lui is Chief Financial Officer of CapitaLand, a Director of Australand Property Group, CapitaMall Trust and Raffles Holdings. Prior to this, Mr Lui was Managing Director of Citicorp Investment Bank (Singapore) Limited. He has 15 years' experience in investment banking. Mr Lui holds an MBA in Finance and International Economics and a Bachelor of Science degree in Business Administration (magna cum laude) from New York University.

MR KEE TECK KOON

Chief Executive Officer – CapitaLand Commercial Limited and CapitaLand Financial Limited

Mr Kee is the Chief Executive Officer of CapitaLand Commercial and CapitaLand Financial, and a Director of Australand Property Group. Prior to this, he was Managing Director and Chief Executive Officer of The Ascott Group. Mr Kee was previously Chief Executive Officer of Somerset Holdings and Senior Vice President of Pidemco Land. He is also Vice Chairman of the Singapore Institute of Management. Mr Kee holds a Master of Arts degree in Engineering Science from Oxford University.

MR THAM KUI SENG

Chief Executive Officer – CapitaLand Residential Limited

Mr Tham is the Chief Executive Officer of CapitaLand Residential Limited and Chief Corporate Officer of CapitaLand Limited. He is also Chairman of Australand Property Group and Deputy Chairman of United Malayan Land Bhd. Mr Tham holds a Bachelor of Arts degree in Engineering Science from Oxford University.

MS JENNIE CHUA

President and Chief Executive Officer – Raffles Holdings Limited

Ms Chua is the President & Chief Executive Officer of Raffles Holdings Limited and concurrently Chairman & Chief Executive Officer of Raffles International, the hotel management arm of Raffles Holdings. Earlier in her career, she was General Manager of Raffles Hotel. Prior to that, she was the Director of the Singapore Convention Bureau. Ms Chua is Chairman of the Community Chest and serves on the Boards of several companies, statutory boards and government committees, both local and international. She holds a Bachelor of Science from Cornell University and is presently on the University's Board of Trustees.

MR EUGENE LAI

Managing Director and Chief Executive Officer – The Ascott Group Limited

Mr Lai was previously an MD of The Carlyle Group, a US-based global private equity firm, and a director of Raffles Holdings Ltd. From 1997 to 2001, Mr Lai held senior positions at Schroders and Salomon Smith Barney. Mr Lai, who is qualified as a lawyer in New York, England, Singapore and Malaysia, was also an attorney in New York and Singapore. He has a Bachelor's degree in Law with first class honours from the London School of Economics & Political Science, and a Master's degree in Law from Harvard University.

MR ANTHONY SEAH

Chief Executive Officer – PREMAS International Limited

Mr Seah is the Chief Executive Officer of PREMAS International and Head of CapitaLand's Synergistic Cost Management Division. He was previously Pidemco Land's Executive Vice President for residential investment, marketing and development. Prior to that, Mr Seah was Chief Executive Officer of a public listed engineering and construction company. He holds a Bachelor of Engineering (Civil) degree and a postgraduate diploma in Business Administration from the National University of Singapore, and is a registered professional engineer.

PHOTOS

- 1 Swissôtel Nankai Osaka
- 2 La Cité, Shanghai
- 3 The Imperial, Singapore
- 4 TCC Capital Land JV signing, Bangkok



1



2

January

- Seven Raffles International hotels were named best hotels in the world by Condé Nast Traveler and Travel + Leisure in their respective January 2003 issues.
- PREMAS International formed a joint venture company, PREMAS (THAILAND) CO., LTD. to provide integrated total real estate management services in Thailand.

February

- The Ascott Group completed the acquisition of a 50% interest in Citadines which operates a portfolio of serviced residences in Europe.
- CapitaLand Commercial completed the concept plan to create Singapore's premier food, fashion and leisure precinct at Clarke Quay.

March

- UM Land launched Seri Bukit Ceylon, a serviced residence project in Kuala Lumpur, Malaysia. The Ascott Group acquired 48 units of serviced apartments and secured the contract to manage the residence.

April

- Raffles International signed a lease agreement with the Nankai Electric Railway Co. to operate the 548-room Nankai South Tower Hotel Osaka as the Swissôtel Nankai Osaka.
- CapitaLand Financial provided advisory services for the issue of notes in connection with the securitisation of The Waterina condominium in Singapore. These notes were listed on the Singapore and Luxembourg stock exchanges.

May

- CapitaLand divested in Indonesia, its entire 50% stake in the issued capital of PT Tropical Amethyst, in line with its strategy to focus on its core business.
- CapitaLand Group set up the "Healthcare Frontliners Award" for nursing students at Nanyang Polytechnic's School of Health Sciences, Singapore, as a tribute to healthcare frontliners during the SARS outbreak.

- CapitaLand China launched the 719-unit La Cité in Xuhui District, Shanghai. The condominium was conferred a Gold Award for "Most popular residential development in Shanghai 2003" in the high-mid market segment.

June

- CapitaMall Trust issued 119.8 million new units to partly finance the acquisition of IMM Building, to overwhelming response.
- Raffles Holdings sold its Raffles Brown's Hotel in London for £51.5 million (\$160.9 million), achieving a gain on the divestment.
- Raffles International signed a management agreement to operate the 338-room Nai Lert Park Hotel in Bangkok.
- The Ascott Group opened its second serviced residence in Tokyo, the 79-unit Somerset Azabu East; and Somerset Suwan Park View, a 152-unit serviced residence in Bangkok. In Melbourne, Ascott secured the management contract for a 127-unit serviced residence and rebranded it Somerset Botanic Gardens.



3



4

- CapitaLand and The Ascott Group, as part of a Singapore consortium, donated Infrared Fever Screening System sets to the Beijing and Shanghai governments in aid of SARS prevention efforts.

July

- CapitaLand organised the China-Singapore Partnership Forum in Shanghai together with Temasek Holdings and IE Singapore. More than 500 business leaders attended the highly successful event.
- CapitaLand Residential launched The Imperial on Jalan Rumbia, Singapore. The 187-unit condominium was ranked Singapore's second top-seller in Q3 2003.
- CapitaLand China launched the first phase of Oasis Riviera in Changning District, Shanghai. The condominium will have approximately 2,000 homes when fully developed in 2007.
- The Ascott Group launched the 195-unit Somerset Bayswater serviced residence in London.

August

- CapitaLand Residential acquired a 50% stake in the Parkview Condominium site in West Coast Park, Singapore for redevelopment.
- Australand announced its proposal to form a stapled entity, the Australand Property Group, by stapling units in a newly created trust, Australand Property Trust, to the shares of Australand.
- Raffles International signed deals to manage luxury resorts in Phuket, Thailand, and Canouan Island, The Grenadines.
- The Ascott Group opened the 106-unit Somerset Harbour Court in Dalian and the 100-unit Luxury Serviced Residence in Beijing, increasing its portfolio in China by more than 200 serviced apartments.

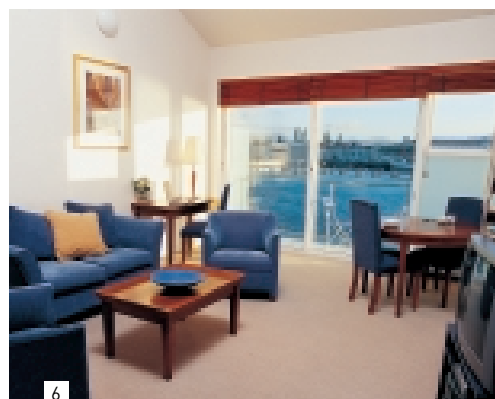
September

- CapitaLand Commercial set up a private retail property fund, CapitaRetail Singapore, to hold three suburban malls in Singapore. These malls, collectively worth about S\$500 million, are Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall.

- CapitaLand established a Baht 2 billion (S\$87 million) JV company with TCC Land Co. Ltd in Thailand to invest in, develop and manage properties in the residential, office and retail sectors in the country.
- CapitaLand Commercial introduced a new security access system, based on the latest finger vein technology from Japan, at Hitachi Tower, Singapore.
- Australand signed a conditional A\$203 million agreement for the purchase of the 168-year-old Kent Brewery site in Sydney.
- CapitaLand China acquired a 1.09 million square feet site in Beijing's Chaoyang District, near the Olympic Park, for S\$116 million. About 2,000 homes will be built on the site over the next three to five years.
- The Ascott Group opened Riverdale Residence, a 37-unit corporate leasing property in Singapore's prime River Valley residential area.

PHOTOS

- 5 Plot 9 – 1 at Luwan District, Shanghai
6 Somerset on the Pier, Hobart



October

- CapitaLand Commercial repositioned Plaza Singapura as a one-stop family-oriented centre along Orchard Road, with the opening of anchor hypermart, Carrefour Singapore.
- CapitaLand Residential successfully tendered for the 99-year leasehold Jellicoe site in Singapore. A 43-storey condominium with about 500 homes is planned for the site, including 16 art-deco conserved shophouses.
- The Ascott Group completed the sale of Somerset Kensington Gardens, a 40-unit serviced residence in central London, while continuing to manage the property, as part of its asset light strategy.
- CapitaLand China held a ground-breaking ceremony for Grade-A office tower, Plot 9-1 in Luwan District, Shanghai.

November

- CapitaLand Commercial was appointed the retail development manager for The HarbourFront Mall. The development will be the single largest retail and entertainment complex in Singapore when completed in 2006.
- CapitaLand Residential released The Botanic on Lloyd, a boutique residential project in Singapore with 60 apartments and six garden terraces.
- CapitaLand China opened Raffles City Shanghai retail mall with eight levels of lifestyle, entertainment and F&B outlets.
- CapitaLand Commercial acquired La Park Mizue, a suburban retail mall in Tokyo, for about S\$80 million. The mall, CapitaLand's first in Japan, is intended to be seed investment for the CapitaRetail Japan Fund.
- The Ascott Group launched 565 new Somerset serviced apartments in Australia. Two new residences in Melbourne and Sydney were opened, and four properties in Sydney, Melbourne and Hobart were rebranded.

- The Ascott Group's 56-unit Somerset on the Pier serviced residence in Hobart won the Tasmanian Tourism Awards 2003 for deluxe accommodation.

- Australand completed its stapling programme. The stapled entity, Australand Property Group, commenced trading on the Australian and Singapore stock exchanges.

December

- CapitaMall Trust issued 45 million new units to finance the investment of S\$58 million (about a 27% stake) in junior bonds in the CapitaRetail Singapore Fund, to overwhelming retail investor response.
- The Ascott Group secured a management contract for two prime serviced residences, totalling 250 units in Dubai, United Arab Emirates.
- Raffles Holdings completed the acquisition of the balance 43.33% shareholding in Raffles Hotel.

CORPORATE OFFICE

LIEW MUN LEONG

President & CEO

THAM KUI SENG

Chief Corporate Officer

LAI CHOON HUNG

Deputy Chief Corporate Officer

LUI CHONG CHEE

Chief Financial Officer

ANTHONY SEAH

Chief, Synergistic
Cost Management
(until 18 September 2003)

in alphabetical order:

STEVEN CHOO

Senior Vice President
Research & Corporate Development

GAN JUAY KIAT

Senior Vice President
Corporate Planning

LAM WEI SIONG

Senior Vice President
Risk Assessment

OLIVIER LIM

Senior Vice President
Corporate Finance

BASSKARAN NAIR

Senior Vice President
Communications

NANCY NG

Senior Vice President
Human Resource &
Corporate Services

MARTIN TAN

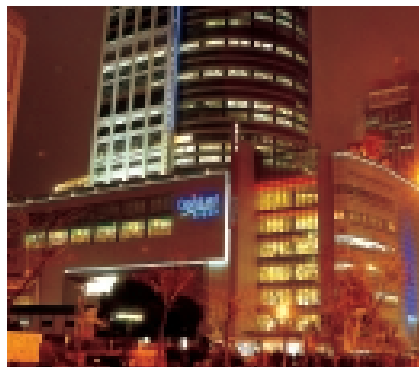
Head, Strategic Corporate Marketing
(wef 19 September 2003)

TAN WAH NAM

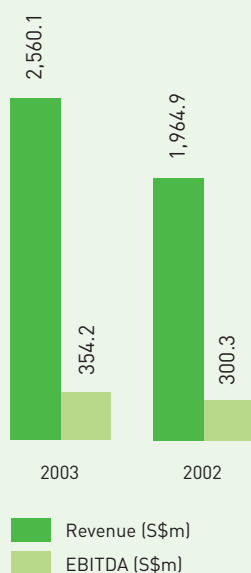
Company Secretary

HAROLD WOO

Vice President
Equity Markets



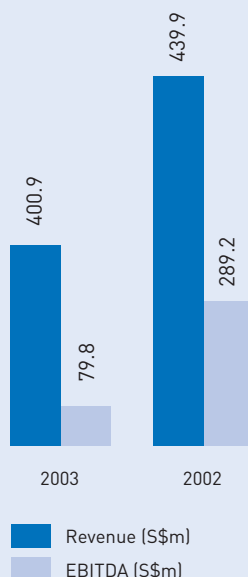
RESIDENTIAL



CapitaLand Residential

- One of the largest residential developers in Singapore, Australia and China (Shanghai).
- In Australia, Australand Property Group, a stapled entity listed on both the Australian and Singapore stock exchanges, is one of the largest homebuilders.
- In China, CapitaLand China is one of the largest foreign developers in Shanghai and it is expanding its presence to other cities.
- In Malaysia, CapitaLand Residential has a presence through associate company United Malayan Land, listed on the Kuala Lumpur Stock Exchange.

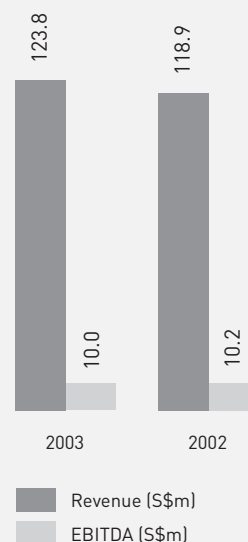
COMMERCIAL



CapitaLand Commercial

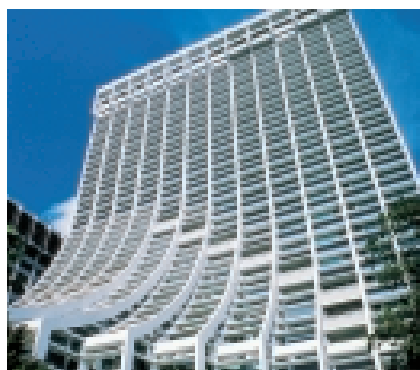
- One of the largest managers of office and retail space in Singapore.
- Presence in the gateway cities of Kuala Lumpur, Bangkok, Hong Kong, Shanghai, Tokyo and London.
- Owns and/or manages about 6.5 million sq ft of retail space in Singapore and overseas.
- Owns and/or manages over 10 million sq ft of office and industrial space in Singapore and overseas.

PROPERTY SERVICES

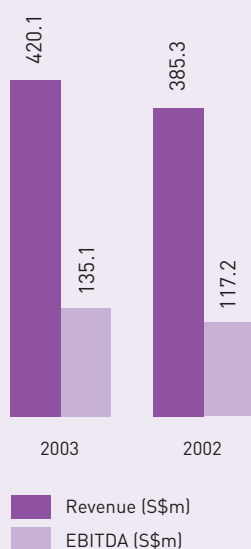


PREMAS International

- One of the largest asset and facility management companies in Southeast Asia.
- Presence in the key cities of Shanghai, Beijing, Bangkok, Jakarta and Kuala Lumpur.
- Manages over 43.5 million sq ft of commercial, industrial and residential space in Singapore and overseas.
- Also manages another 280,000 residential units in Singapore.



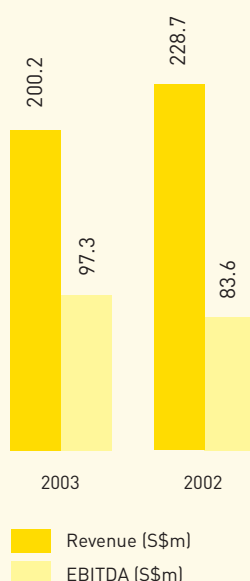
HOTELS



Raffles Holdings

- An SGX-listed international hospitality company headquartered in Singapore.
- Presence in 17 countries; 32 major destinations across Asia, Australia, Europe, North America and South America.
- Owns and/or manages 37 hotels and resorts; more than 12,000 rooms.
- Two international brands: The "Raffles" brand and the "Swissôtel" brand.

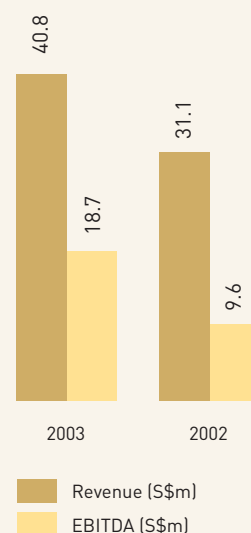
SERVICED RESIDENCES



The Ascott Group

- An SGX-listed international serviced residence company headquartered in Singapore.
- Presence in 16 countries; 39 cities including key cities across Europe, Southeast Asia, North Asia, Australia and New Zealand.
- More than 13,800 serviced residence units.
- Three-tier brands: The luxury 'The Ascott' brand, the upper-tier 'Somerset' brand, and the mid-tier 'Citadines' brand in Europe and 'Oakford' brand in Australia.

FINANCIAL SERVICES



CapitaLand Financial

- A leading provider of boutique real estate financial services including structured financing, property fund management and advisory services.
- Dedicated teams in Singapore, Kuala Lumpur, Bangkok, Hong Kong, Shanghai, Beijing, Tokyo and London.
- Manages property funds in excess of S\$3 billion including CapitaMall Trust, CapitaRetail Singapore Fund and CapitaLand China Residential Fund.
- Structured and advised on real estate transactions amounting to about S\$2 billion in asset value.



STRONG

30% AND 19%

RISE IN REVENUE AND EBIT RESPECTIVELY
ON THE BACK OF HIGHER CONTRIBUTIONS
FROM AUSTRALIA AND CHINA





THAM KUI SENG
Chief Executive Officer
CapitaLand Residential Limited

BUSINESS STRATEGY/PERFORMANCE

Q1 What is your business strategy?

A1 The key thrust of our strategy is to improve capital productivity, by increasing asset turnover and deploying more capital to higher yielding markets. Building on our success in Australia and China, we will continue to explore opportunities to tap on growth markets overseas.

We will also continue to focus on product leadership. Our emphasis is on creating distinctive and beautiful homes that are comfortable and yet highly functional.

Q2 Are you pleased with the performance of CapitaLand Residential in 2003?

A2 We are pleased with the strong performance achieved for the financial year 2003, on the back of higher contributions from our Australia and China operations.

We saw higher revenue achieved for all our three key markets: Singapore, Australia and China. Our revenue of S\$2,560.1 million for 2003 was 30.3%, or S\$595.2 million, higher compared to the previous year. The EBIT of S\$349.2 million represented an 18.9% increase compared to 2002.

SINGAPORE

Q3 How did your Singapore operations perform during the year?

A3 In Singapore, we saw revenue increase by 24% for the year 2003. SARS affected sales in the first half, but the residential market generally stabilised towards the end of the year.

We released two high-end projects – The Imperial and The Botanic on Lloyd. Both developments were very well received.

Q4 Did you acquire any new sites for development?

A4 We have been selectively looking out for good leasehold or suburban sites. During the year, we successfully tendered for the 99-year leasehold site at Jellicoe Road. We also took a 50% stake in the Parkview Condominium site in West Coast Park.

These acquisitions, together with our existing prime freehold sites, will give us a balanced portfolio of freehold and leasehold sites for development over the next few years.

AUSTRALIA

Q5 How did you perform in Australia this year?

A5 In Australia, net profit after tax for Australand increased 5.3% to A\$95.2 million. We saw a 21.4% increase in revenue to A\$1,405.4 million and EBIT grew by 17.6% to A\$161.2 million.

As at end-2003, Australand held approximately A\$508 million pre-sales for its wholly-owned and joint venture apartment projects. Pre-commitments were also negotiated in respect of more than 130,000 square metres of industrial space and 10,000 square metres of commercial space during the year.

Q6 What were some of your major initiatives in Australia for the year?

A6 During the year, we acquired two major sites for development – the 5.7-hectare Kent Brewery site in New South Wales for A\$203 million, and a 31-hectare land parcel at Hope Island on the Gold Coast for A\$90 million.

Australand also launched two wholesale property trusts in 2003, with a total estimated on completion value of approximately A\$354 million.

In November 2003, the ordinary shares of Australand were successfully stapled with units in a newly created trust, Australand Property Trust. The stapled entity will have a higher proportion of recurrent income and a strengthened revenue stream, which provides it with a good platform for future growth. The stapled entity, which is listed as Australand Property Group (APG), commenced trading in November 2003 on both the Australian and Singapore stock exchanges.

CHINA

Q7 Are you pleased with the performance of your China operations?

A7 Our China operations contributed a revenue of S\$318.6 million, from strong sales chalked up for Summit Residences, La Cité and Oasis Riviera. EBIT for China operations rose by 69% to S\$118.5 million, recording robust growth compared to the previous year.

Q8 China is growing at a very fast pace. What were some of the major developments by CapitaLand in this market?

A8 We released two new projects in Shanghai in 2003. The 719-unit La Cité in Xuhui District was launched in May 2003. The units released were almost fully sold by the end of the year. La Cité was conferred a Gold Award for “Most popular residential development in Shanghai 2003” for the high-mid market segment.

We also launched the first phase of Oasis Riviera, which is located in Shanghai’s Changning District. The development will have approximately 2,000 homes when fully developed in 2007. We continue to look out for more prime sites for development in Shanghai.

During the year, we also acquired a site in Chaoyang District, Beijing. The 1.09 million square feet site near the Olympic Park will allow us to build about 2,000 homes over the next three to five years.

OUTLOOK/GOING FORWARD

Q9 What is your broad strategy, going forward, for the residential business?

A9 We will continue to expand our presence in our three key markets: Singapore, Australia and China. In addition, we will actively explore opportunities in new markets.



Q10 What are the plans for new launches in Singapore?

A10 With signs of recovery in the Singapore economy, we plan to release some 800 to 1,000 homes from projects including Tanglin Residences and the newly acquired site at Jellicoe Road.

Q11 What is your strategy in Australia?

A11 In Australia, our medium term strategy is to increase the level of recurrent income from income producing properties and to reduce the group's dependence on development profits. We will do this through stapling more wholesale property trusts. For 2004, we intend to submit a proposal to staple Australand Wholesale Property Trust 3, depending on market conditions.

Q12 What are some of your plans for China in 2004?

A12 We plan to release over 1,000 units in China, from projects including La Cité and Oasis Riviera in Shanghai. The earlier phases for both projects were very well received by homebuyers in China and units released thus far are almost fully sold. We will also launch our first residential development in Beijing in 2004.

Q13 Are you looking at investing in other cities in China?

A13 We are actively looking at opportunities in Guangzhou. In addition, we are selectively exploring other second-tier cities in China.



PHOTOS

- 1 Arden, Sydney
- 2 Palm Grove, Singapore
- 3 Oasis Riviera, Shanghai
- 4 SunGlade, Singapore





OWNS AND/OR MANAGES ABOUT

17 MILLION

SQ FT OF OFFICE, RETAIL AND INDUSTRIAL
SPACE IN SINGAPORE AND OVERSEAS





KEE TECK KOON
Chief Executive Officer
CapitaLand Commercial Limited

BUSINESS STRATEGY/PERFORMANCE

Q1 What is your business strategy?

A1 CapitaLand Commercial today owns and/or manages a portfolio of approximately 6.5 million square feet of retail properties and shopping centres, and over 10 million square feet of office and industrial properties in Singapore and overseas.

Our business strategy is to strengthen and grow our integrated real estate delivery capabilities to create value for our shareholders and investors through superior asset yields and productivity. We also want to be the preferred investor/manager or partner to financial and strategic investors who have interest in investing in commercial real estate in geographies in which we have a presence.

Q2 What are the new initiatives undertaken during the year which have contributed to the achievement of your goals in Singapore?

A2 For our retail portfolio, we have created more net lettable area and enhanced the rental potential of existing spaces such as Tampines Mall and Junction 8, both of which we manage. At Plaza Singapura, upgrading, repositioning and better retail planning have resulted in an improved shopping experience and a surge in pedestrian traffic. Its stabilised annual yield has now grown to over 6%.

Our success in creating new benchmarks for enhancing the value of retail properties in Singapore has not gone unnoticed. In 2003, we secured new management contracts, including HarbourFront Mall, which will be the largest retail development in Singapore; three malls owned by private retail fund, CapitaRetail Singapore (CRS); IMM Building which was acquired by CapitaMall Trust (CMT); and La Park Mizue, a suburban mall in Tokyo. The three CRS malls are Lot One Shoppers' Mall, Rivervale Mall and Bukit Panjang Plaza, all of which are located in densely populated suburban areas in Singapore.

Our office occupancy as at end 2003 hit 86%, which was 5% above the market, reflecting the quality of our portfolio. We stepped up our tenant relations programme and added more platforms for interaction and dialogue with office tenants during the year. We also introduced various initiatives aimed at benefiting tenants like purchasing electrical power in bulk and passing on the savings to them.

Again, our efforts have not gone unnoticed, as our flagship office building, Capital Tower, was accorded further accolades during the year. This included receiving the Building Construction Authority's Energy Efficient Building Award (New and Existing Building Category) and emerging first runner-up at the ASEAN Energy Awards 2003. Capital Tower was also commended as one of the best office developments in the world by FIABCI, a prestigious international real estate body.

Q3 CapitaLand is the leading manager of retail space in Singapore. What are the key asset enhancement initiatives planned for 2004?

A3 We are really excited about the asset enhancement work planned for Clarke Quay. We want to turn Clarke Quay into an icon in Southeast Asia by creating a premier food, fashion and leisure precinct by the Singapore River.

We completed the concept plan for the new Clarke Quay and appointed renowned international architectural firm, Alsop Architects, to help us with the design. This new concept will leverage on the site's unique historical heritage, its prime Singapore River frontage, and the proximity to the recently opened MRT station. The project is targeted to be completed in two years and Clarke Quay will remain open for business during this time.

Q4 What are some of your milestone property developments abroad, and how are they performing?

A4 China/Hong Kong

In China, our major focus is not only to build up an experienced management team in the office and retail segments, but also to grow a portfolio of quality assets. At the appropriate time we will work with CapitaLand Financial to develop suitable platforms, such as REITs and property funds, to hold these assets.

We opened the retail podium of Raffles City Shanghai in the heart of Shanghai's thriving business district in November 2003. For the first time, Shanghai has a mall with a Singapore style thematic retail concept featuring popular Singapore brand names like bakery chain BreadTalk; sports wear bods.bodynits; and BBQ pork specialist Bee Cheng Hiang. The mall, which was fully leased at end-2003, caters primarily to young professionals and tourists. About 2.1 million people have passed through its doors since its opening.

For Raffles City Shanghai's office tower, we achieved tenancy leases of more than 50% by December 2003 with major quality tenants, less than one month after the completion of the tower. In the Luwan District, we started piling work for the development of a 32,000 square metre Grade-A office tower. The development is expected to be completed by end-2005.

In Hong Kong, the development of AIG Tower is progressing smoothly. We have completed substructure works and started construction of the superstructure. We are confident that AIG Tower will be completed on schedule, in mid-2005; the timing is very favourable, given the turn-around in the Hong Kong office property mainland.

Japan

We acquired our first shopping mall in Tokyo – La Park Mizue – in November. This will serve as seed investment for the CapitaRetail Japan Fund, a private retail property fund which is in the process of being formed.

CapitaLand will serve as both retail and fund manager, and will work in partnership with established local players to tap on their in-depth knowledge of the Japanese retail property market.

Malaysia

Our 50-storey Menara Citibank office building, in Kuala Lumpur's Golden Triangle, remained 94% occupied. This was better than the market average take-up rate of 85% for prime Grade-A commercial buildings. Rentals also increased by 1.5%. The Gurney Plaza mall, which we manage in Penang, signed on new tenants during the year, including a new cinema operator.

United Kingdom

Four Seasons Hotel Canary Wharf's performance improved significantly despite the challenging economic environment of 2003. In mid-2003, an option was signed for the sale of all remaining apartments at Canary Riverside. As at end-2003, 25 Moorgate in London managed to secure the letting of two floors at attractive rents.

PHOTOS

- 1 Canary Riverside, London
- 2 Capital Tower, Singapore
- 3 Plaza Singapura, Singapore
- 4 6 Battery Road, Singapore



OUTLOOK/GOING FORWARD

Q5 What is your assessment of the business outlook for the commercial sector in Singapore?

A5 Office

We expect the office market in Singapore to stabilise in the second half of 2004. The demand for office space is likely to increase, with improving market sentiments and restoration of business confidence. The development of One George Street is proceeding on schedule and we expect it to be completed by end-2004. CCL will continue to aggressively maximise its office portfolio yield. We will also continue to provide excellent tenant service through our various customer service initiatives.

Retail

Looking ahead, retail will continue to be the bright spark in the property sector. This is especially true of suburban malls in prime locations. The catchment areas in the surrounding housing estates, and their proximity to the transport network, help ensure good shopper traffic. Demand for such prime retail space is likely to be sustained. Moreover, given the scarcity of prime suburban retail space and limited supply coming on stream, our suburban malls are likely to be shielded from new competition. Furthermore, most of the tenants in suburban malls cater to the basic needs of nearby residents, and are more resilient even during an economic slowdown.

Industrial

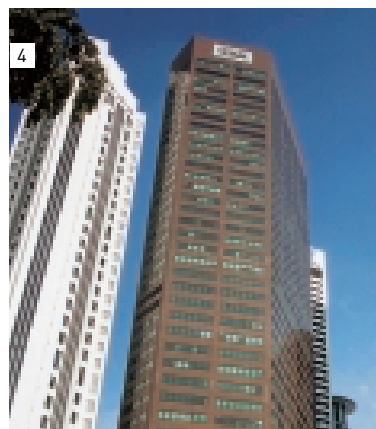
We expect the demand for both conventional and high-tech industrial space to improve in 2004. Industrialists and small and medium enterprises will be on the lookout for additional space for expansion. Other companies will be searching for better, well-managed and newer premises to house their operations. We hope to capitalise on this upturn.

Q6 Going forward, what are some of your key areas of focus?

A6 Our long term strategy has always been to develop an asset light, fee-based property business. This is very much on track, with the acquisition of more retail management contracts through CRS, and expansion of CMT. On the office property front, we are working with CapitaLand Financial to create a commercial Reit in 2004 consisting of our wholly-owned office and car park properties.

We have also established a presence in new markets like Thailand. We set up a joint venture with TCC Group, one of the largest business conglomerates in Thailand, which owns a substantial landbank and commercial real estate in the country. The new joint venture company will invest in, develop and manage properties in the residential, office and retail sectors in Thailand.

We aim to strengthen our leadership position in Singapore, and to further extend our reach in the overseas retail real estate market, particularly in Asia.





MANAGES

43.5 MILLION

SQ FT OF COMMERCIAL, INDUSTRIAL AND
RESIDENTIAL SPACE IN SINGAPORE AND OVERSEAS

280,000 RESIDENTIAL UNITS IN SINGAPORE





ANTHONY SEAH
Chief Executive Officer
PREMAS International Limited

BUSINESS STRATEGY/PERFORMANCE

Q1 What is your business strategy?

A1 Our strategy is to continue to increase fee-based innovative services and products. For example, we created the Facility Management Retainer Scheme, in which customers pay a retainer fee for the provision of basic building management services, including add-on customised solutions based on their specific needs.

We also want to seize the opportunities presented by the strong trends in outsourcing and offer an operational yield-based management. We have integrated up from basic maintenance-type services to total facility management and yield enhancement.

In short, our vision is to be the total real estate manager and a leader in managing technological facilities. We have expanded and leveraged on our domain knowledge in Total Building Performance technology to maximise yields and create lasting value for our customers.

Q2 How did PREMAS International perform in 2003? What were the key revenue drivers?

A2 Despite the year's difficult economic outlook, PREMAS International continued to show steady growth by winning new contracts, developing new lines of business opportunities, leveraging on strategic alliances for business generation, and divesting business areas that we felt could be better served by others.

For the financial year ended 31 December 2003, PREMAS achieved a turnover of S\$123.8 million, an increase of 4.1% over the previous year's S\$118.9 million. This was mainly attributable to new facility management and consulting contracts secured, both in Singapore as well as overseas.

SINGAPORE

Q3 What are some of the key initiatives and significant achievements in 2003?

A3 We stepped up our efforts for facility management contracts, clinching a contract for 45 schools in Singapore in April 2003, and a five-year integrated facility management contract with ST Assembly Test Services (STATS) in August. Apart from enhancing operational efficiencies and cost savings, leveraging on PREMAS' strengths in facility management and engineering allows STATS to focus on its core competency of semiconductor manufacturing. Synergistic partnerships with clients such as STATS has enabled us to execute our vision to become the leader in managing technological facilities.

During the year, PREMAS also expanded its business portfolio and launched several new initiatives. These initiatives included engineering audits and in-house development of remote monitoring capabilities for enhanced safety and greater reliability of managed facilities. We also sought ways to enhance yields derived from our managed assets.

We are particularly proud of our PREMAS Energy Centre, set up in 2001. The Centre provides Energy Audit, Management and Procurement services. Our portfolio comprises commercial buildings, hotels, shopping centres, manufacturing facilities and hospitals.

PROPERTY SERVICES

Our Energy Centre was able to capitalise on the deregulation of the Singapore energy market. Since the beginning of 2003, PREMAS Energy Centre seized business opportunities to aggregate the requirements of different properties and phase in bulk energy procurement on behalf of clients. Many clients realised significant cost savings in their energy bills.

We were able to integrate our competence to provide an effective, value-add management to Aljunied, Hong Kah, Jurong, Marine Parade and Ayer Rajah in the West Coast for modern effective management of townships.

OVERSEAS

Q4 What new overseas initiatives were there in 2003?

A4 Our total real estate management services are transferable to Thailand, where we formed a joint venture company, PREMAS (THAILAND) CO., LTD with four prominent Thai partners, in January 2003. PREMAS THAILAND provides integrated real estate management services in Thailand. PREMAS THAILAND benefited from the booming Thai economy which created a need for repositioning and refurbishing properties.

In Indonesia, P.T. PREMAS continued to carve out a niche in the management of retail malls. We applied our expertise in total real estate management to mega shopping malls in Bandung, Surabaya and Medan, in addition to the retail malls we are managing in Jakarta.

For the Energy business, we also ventured overseas and established a foothold in countries such as Malaysia and China.

We have become one of the leading international real estate consultants in China, clinching many sole agency and asset services appointments. In 2003, under our joint venture partnership, we were appointed the development consultant and sole agent for several landmark projects: the Waitanyuan project, Jun Yao International Plaza and Xin Yuan Plaza in Shanghai, and the LG Building in Beijing. In addition, we provided strategic consultancy for Shanghai No. 1 Department Store Complex, a prime retail, commercial and entertainment development on Nanjing Road, Shanghai.



Our landscaping arm in China, LandArt Shanghai, whilst only into its second year of operations, conceptualised and supervised several prestigious residential projects such as Manhattan Heights in Shanghai and Four Season Flower City in Chengdu, as well as the marketing and sales offices of Regents Parks. LandArt has also established a presence in Fuzhou, Xiamen, Suzhou, Hangzhou, Taizhou and Chengdu. It counts Kerry Properties Development Management (Shanghai), Shanghai Gubei Group, CapitaLand China and Narada Housing among its clients.

In July 2003, we formed a wholly-owned subsidiary, PREMAS Technologies and Services (Shanghai) Co, Ltd, to provide training, energy management, space management and design, car park technology and management services in China.

OUTLOOK/GOING FORWARD

Q5 What is PREMAS International's strategic thrust, going forward?

A5 PREMAS will continue with its Total Real Estate Management strategy of maximising operational yields through technology anchored on our stratified layer of delivery. We will also continue with our overseas expansion, with a special focus on the UAE. Given the current trend towards outsourcing, PREMAS looks forward to growth both in Singapore and abroad.



PHOTOS

- 1 Consulting Services
- 2 Facility and Yield Management
- 3 Leveraging on technological edge



60%

INCREASE IN FY 2003 OPERATING PATMI

S\$416 MILLION CAPITAL DISTRIBUTION





JENNIE CHUA
President and
Chief Executive Officer
Raffles Holdings Limited

BUSINESS STRATEGY/PERFORMANCE

Q1 Industry observers have noted that there has been a change of tactics on expansion. How has Raffles' business strategy changed?

A1 In April 2003, the Group implemented a refocused demand-driven business strategy. Firstly, we reorganised our hotel operations around our two distinctive brands (Raffles Hotels & Resorts and Swissôtel Hotels & Resorts). This will ensure better responsiveness to market and customer demands, and direct bottom-line accountability. Secondly, we restructured costs and corporate support structures to achieve greater operational efficiencies and cost management; and thirdly, we pursued asset-light accretive growth through a mix of management contracts, leases and equity participation and to swap assets where appropriate, to improve returns.

SINGAPORE/OVERSEAS

Q2 What was the impact of SARS on business?

A2 In 1H 2003, hotels within the Group which were affected by SARS intensified their cost containment measures, as there were limited opportunities to drive top-line revenue. These measures included reductions in staffing costs, implementation of accelerated vacation and no-pay leave, and rationalisation of F&B operations to improve yield.

In Singapore, operating conditions were extremely challenging. However, our hotels traded at RevPAR premiums to their competitive sets during this period, due to various innovative promotions to tap domestic business, which helped to partially offset the decrease in international business.

The Group's diversified global presence, in part, cushioned against the twin threat of war and SARS and helped make it more resilient. By 2H 2003, business rebounded to pre-SARS levels in terms of occupancy.

Q3 What were some of the significant initiatives in 2003 for Raffles, both in Singapore and globally?

A3 Raffles Holdings has been successful in the pursuit of our asset-light growth strategy and added four management contracts to our portfolio in 2003. In April and June, the Group secured new management contracts for two existing hotels in Osaka, Japan and in Bangkok, Thailand without equity participation. Swissôtel Nankai Osaka was launched in September while Nai Lert Park Bangkok was launched in January 2004. In August, the Group secured a contract to manage the Raffles Resort Phuket in Thailand with 20% equity participation, as well as a contract to manage the Raffles Resort Canouan Island, the Grenadines, without equity participation.

The Group also swapped assets to improve yield. The divestment of Raffles Brown's Hotel in June realised a significant divestment gain and freed substantial capital, which the Group could more effectively re-deploy to grow our hotel business internationally in gateway cities.

In December, the Group raised its shareholding in Raffles Hotel to 100% following the completion of the acquisition of the remaining 43.33% shareholding. The 100% ownership would allow the Group greater flexibility in the financial and operational management of Raffles Hotel.

The Group received recognition for its achievements in several areas in 2003.

In Operations, Raffles International Limited, the hotel management subsidiary of Raffles Holdings, was named one of "The Strongest Singapore Brands" by International Enterprise Singapore, for successfully crossing Singapore borders and gaining brand recognition worldwide. Its hotels reaped a bumper crop of 59 international awards and accolades for 2003.

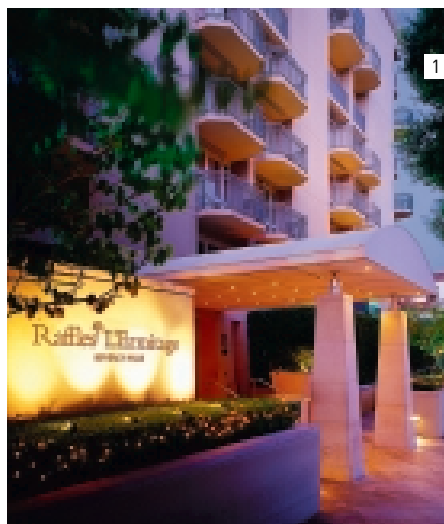
In Human Resource Management, RafflesGALAXY™, Raffles International's Human Capital Management System won the Intelligent20 Award given by Intelligent Enterprise Asia. Raffles International was also voted one of Singapore's top 10 employers for 2003 by Hewitt Associates.

In Corporate Governance, Raffles Holdings was awarded "The Most Transparent Company Award" in the hotel sector by the Securities Industry Association of Singapore for the fourth consecutive year and was ranked joint third out of 285 companies in the Business Times Corporate Transparency Index. Raffles Holdings was also named "The Best Company in Asia" in the Hotels sector by Global Finance magazine.

OUTLOOK/GOING FORWARD

Q4 What is the outlook for the hotel industry, both in Singapore and globally?

A4 According to Economist Intelligence Unit, global GDP is expected to grow 4.2% in 2004. An improving global economy is expected to increase demand for international travel and the International Air Transport Association has forecast a 7 to 8% increase in international passenger traffic in 2004, with Asia Pacific leading the recovery. This expected pick-up will, in turn, flow through in lodging demand globally in the coming year.



PHOTOS

- 1 Raffles L'Ermitage Beverly Hills, California
- 2 Swissôtel Chicago
- 3 Swissôtel The Bosphorus, Istanbul
- 4 Raffles Grand Hotel d'Angkor, Siem Reap

Reflective of the global outlook, the outlook for Singapore is a positive one. The country's GDP is expected to grow by between 3 and 5% and tourist arrivals are targeted to increase by 24% in 2004.

For the coming year, the Group will focus on growing its topline with the expected recovery in the global lodging industry and to benefit from its well-poised operating leverage.

The Group will also be embarking on further initiatives to expand the awareness of its two distinctive brands – Raffles Hotels & Resorts and Swissôtel Hotels & Resorts – to entrench their positions as a luxury lifestyle provider and an international deluxe brand for discerning business travelers respectively.

The Group will continue to pursue its asset light strategy to grow its network of hotels internationally. It will seek an appropriate mix of management contracts, leases and equity participation to expand its presence in key gateway cities and resort destinations around the world.

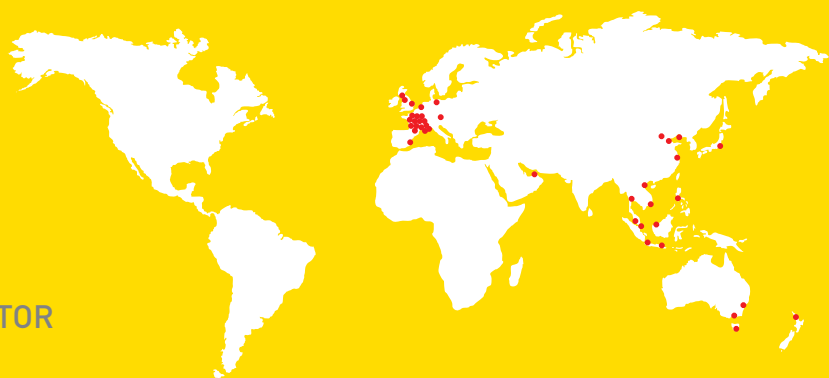




13,800

SERVICED RESIDENCE UNITS IN
39 CITIES IN 16 COUNTRIES

LEADING SERVICED RESIDENCE OPERATOR
IN EUROPE & ASIA PACIFIC





EUGENE LAI
Managing Director &
Chief Executive Officer
The Ascott Group Limited

BUSINESS STRATEGY/PERFORMANCE

Q1 What is your business strategy?

A1 Our vision is to be the world's leading international serviced residence company, in terms of financial performance and internationally recognised brands.

We set ourselves five goals:

- **Strengthen our customer base** of top global companies and top national companies in the countries we operate
- **Be the top serviced residence operator** in every market we operate, in occupancy and rates
- **Be the top serviced residence brand** in every market we operate, in brand awareness and brand premium
- **Grow to 22,500 units by 2008**
- **Achieve 'best in class' infrastructure and team.**

These ambitious goals set a clear direction for the business, and for the team to take the company to greater heights.

Q2 What were Ascott's significant initiatives in 2003?

A2 We grew our core serviced residence business substantially in 2003. Ascott is today the leading serviced residence operator in Asia Pacific and Europe with over 13,800 serviced apartments in 39 cities in 16 countries.

We achieved a net profit of S\$18.5 million despite difficult operating conditions for the global hospitality industry due to the Iraq war, severe acute respiratory syndrome and sluggish global economy.

We reached new heights in our global coverage. In February, we acquired a 50 per cent interest in Citadines, which enlarged our portfolio by over 5,100 serviced apartments in 18 cities in Europe.

In China, we solidified our position as the country's largest operator by launching two new residences in Beijing and Dalian, increasing our presence to 1,600 units in Shanghai, Beijing, Tianjin and Dalian.

At mid-year, we opened the 152-unit Somerset Suwan Park View in Bangkok, 195-unit Somerset Bayswater in London and 79-unit Somerset Azabu East in Tokyo.

In Australia, we increased our share of the upper-tier serviced residence market by launching 565 new Somerset serviced apartments. With eight Somerset residences, Ascott now commands critical mass in Sydney, Melbourne and Hobart.

In December, we secured management contracts for two prime serviced residences with 250 units in Dubai. Our entry into the Gulf region through collaboration with one of its largest developers provides an excellent springboard to further opportunities in the area.

With the substantial growth in 2003, we now have a stronger platform to provide our customers with greater choice and convenience around the world.

We also made good progress on our asset light strategy. We grew fee income by securing six new serviced residence management contracts with 730 units. We also divested our stakes in three serviced residences in Thailand and UK, while continuing to manage two of the divested properties.

SERVICED RESIDENCES

Q3 How did you perform in 2003?

A3 Despite the weak market, we maintained a strong balance sheet and healthy cash flow. We achieved net profit of S\$18.5 million and EBITDA of S\$97.3 million from continued growth in our serviced residence business. Debt-equity ratio was 0.42 at end 2003, with interest coverage ratio a healthy 3.7.

Net profit was 54% lower than a year ago due primarily to higher divestment gains in 2002, a S\$3.2 million revaluation deficit from our UK assets and S\$3.9 million one-off charges in Singapore and Australia in 2003.

Our serviced residence business improved strongly from the prior year. EBITDA was S\$74.4 million, a 33% rise over 2002. The increase was due mainly to new contributions from Citadines and our better performance in China, Vietnam, Thailand and Indonesia.

In 2003, we continued to make good progress in becoming a pure play international serviced residence company. EBITDA from our serviced residences constituted 77% of total group EBITDA, up from 67% a year ago. Overseas EBITDA from our serviced residences constituted 86% of total serviced residence EBITDA, up from 71% the year before.

Q4 Has the impact of SARs on your serviced residence business been significant, given your exposure in China and Southeast Asia?

A4 The SARS outbreak impacted our performance in Singapore, and to a lesser extent, China and Vietnam, particularly in the first half of 2003.

However, the occupancy and rate dips were not as severe as in the hotel industry. We were swift to implement more rigorous cost containment measures and refocus our marketing efforts to find new customers and business.

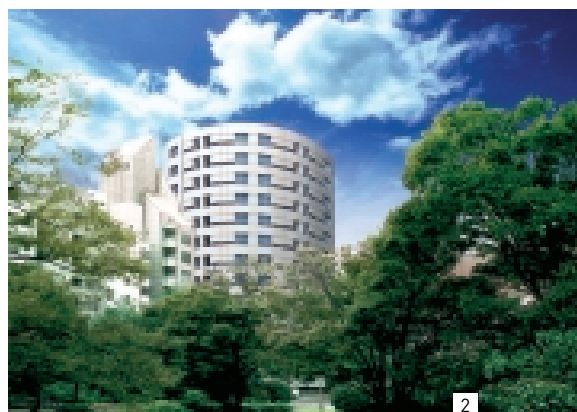
Our operations remained profitable despite SARS, proving the resilience of our business model with longer stay corporate clients and diversification across many countries. In many cities in Asia, Ascott continued to outperform the market in occupancy and rates, and grow its brand penetration.

OVERSEAS

Q5 What has been the contribution of Citadines in Europe. What are your plans for Europe?

A5 Citadines, with its established customer base and prime locations in key European cities, is earnings accretive for Ascott. Since acquisition at end February, Citadines has contributed EBITDA of S\$27.7 million.

With Citadines, we now have access to the key serviced residence markets in Europe, and a stronger platform for future growth. We plan to expand our presence to more major European financial cities.



Q6 What are your plans for China?

A6 Given the strong demand, we target to grow our portfolio in China to 4,000 serviced apartments by 2008, from 1,600 now.

We will achieve this by expanding into various secondary Chinese cities, and by rolling out a mid-tier brand that caters to the growing number of travelling executives from local companies in China.

Q7 Where will you seek further growth?

A7 We will seek growth opportunities globally, particularly in China, South Korea, Japan and Europe.

OUTLOOK/GOING FORWARD

Q8 What is your market outlook?

A8 The outlook for the major cities in which we operate is improving, and we expect net profit in 2004 to be higher than in 2003.

Today, we are at an exciting phase in our development. Our continued profitability despite the challenging conditions of 2003 proves the resilience of our business model, with longer stay corporate clients and diversification across many countries.

Demand for serviced residences continues to grow in key cities around the world, fueled by increasing cross border business activity and executives travelling on assignments.

In many markets, serviced residences still form a small percentage of temporary lodging stock and we believe this share will grow. In many cities, the industry continues to be fragmented with many local and small operators unable to adequately serve multinational clients globally with the high level of service that international travellers expect.

Ascott, with its substantial international portfolio and operational infrastructure, is well positioned to benefit from these trends.

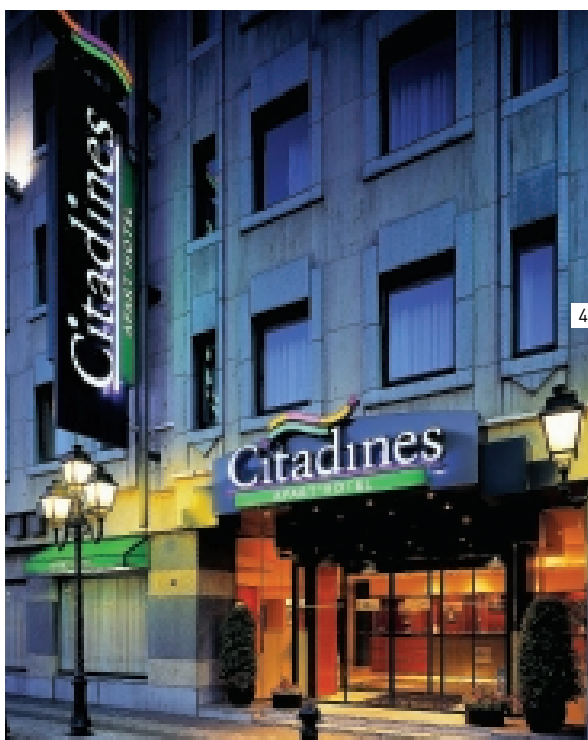
We will continue to build for the future and increase our earnings through brand leverage, expanding our global operations and greater economies of scale.

Q9 What are your key areas of focus for 2004?

A9 In 2004, our priorities will be to strengthen our customer base, increase occupancy and rates, and enhance product and service consistency. We will also restructure our assets in order to increase returns, and strengthen our infrastructure and human resource.



3



4

PHOTOS

- 1 Somerset Al Majarah, Dubai
- 2 Somerset Azabu East, Tokyo
- 3 Somerset Harbour Court, Dalian
- 4 Citadines Toison d'Or, Brussels



MORE THAN

S\$ **3** BILLION

OF ASSETS UNDER MANAGEMENT





KEE TECK KOON
Chief Executive Officer
CapitaLand Financial Limited

BUSINESS STRATEGY/PERFORMANCE

Q1 Tell us more about CapitaLand Financial Limited's business and its strategy?

A1 CapitaLand's real estate financial business was started just about two years ago, but has gained much momentum since then. We have established a track record which includes providing advisory services for the structuring of CapitaMall Trust (CMT), the first real estate investment trust in Singapore. We now have S\$3.1 billion of assets under management and have todate structured and advised on real estate transactions amounting to about S\$2 billion in asset value. We are positioned as a leading provider of boutique financial services for real estate related investments in Asia. Our comprehensive in-house capabilities include structured financing, property fund management and advisory services.

We want to carve a niche in Asia in the real estate financial services business. Our immediate focus is to broaden our customer and investor relationships, and penetrate new markets, leveraging on CapitaLand's overseas offices, Group SBUs, extensive global network, and comprehensive real estate expertise. We offer investment opportunities, local intelligence and operational capabilities, wherever it is needed.

Q2 What is your key differentiating factor?

A2 What I think really distinguishes us from other players is our ability to combine financial skills with real estate domain knowledge and expertise. We are able to help property owners and investors unlock and enhance the potential of real estate assets. We have successfully conceptualised, structured, launched and completed a number of real estate financial products and services that were specially tailored to meet market demands, such as CMT and CapitaRetail Singapore (CRS). For CRS, for instance, we successfully raised S\$213 million of equity through our own network of investors.

Q3 What were CFL's initiatives in 2003?

A3 For 2003, CFL was involved in transactions worth about S\$775 million. CFL structured and provided advisory services for CRS' acquisition of three suburban malls in Singapore and for CapitaMall Trust's acquisition of IMM Building. The three CRS malls are Lot One Shoppers' Mall, Rivervale Mall and Bukit Panjang Plaza. In Malaysia, we successfully arranged and syndicated mezzanine financing for a prime residential/service residence project in Kuala Lumpur.

In the area of property fund management, we have increased our assets under management to S\$3.1 billion. Beside CRS, we also launched the CapitaLand China Residential Fund which is focused on the mid to high-end residential segment in Shanghai and Beijing. The Fund has co-invested with the CapitaLand Group in two residential projects, Oasis Riviera in Shanghai and Green Estate in Beijing, and is currently exploring other investment opportunities in the country.

In addition, we acquired La Park Mizue, a suburban mall in Tokyo, as the seed investment for the CapitaRetail Japan Fund. The Fund will invest primarily in existing, income-producing retail properties in key Japanese cities. Its targeted fund size is between US\$100 million and US\$200 million, and the launch of the Fund is planned for in 2004.

Q4 It has been about a year since the listing of CMT. How has CMT performed?

A4 CMT's performance has surpassed expectations. Investors in CMT since its initial public offering in July 2002 will have been rewarded with total returns of over 55%. In 2003 alone, CMT's unit price outperformed the broader equities market and other property stocks with an appreciation of 41%. If you include the distributions to unitholders at over 6% yield, they will have enjoyed total returns of more than 47% in 2003.

During the year, its acquisition of IMM Building was immediately yield-accretive, and resulted in stronger geographical and income diversification. Similarly, CMT's 27% stake in CRS at a 8.2% coupon rate immediately translated into an increased distribution per unit to unitholders.

CMT's growth strategy has been mapped out for the next three to four years through asset enhancement initiatives. In addition, the pipeline for future acquisitions has been put in place and this in turn translates into better growth prospects for CMT.

OUTLOOK/GOING FORWARD

Q5 What's your focus, going forward?

A5 CFL will continue to provide innovative structuring and advisory services for the CapitaLand Group and third parties. We will also widen and deepen our investor base to grow the funds under our management, targeting investments both in Singapore and in the overseas markets where we have an established presence.

With the pick up in institutional investors' interest in Asian properties, the focus in 2004 will be to successfully raise US\$100 million to US\$200 million for the CapitaRetail Japan Fund, and US\$100 million for the CapitaLand China Residential Fund, and to provide advisory and structuring services for transactions by value exceeding that achieved in 2003.



PHOTOS

- 1 IMM Building, Singapore
- 2 Marc Service Residence, Kuala Lumpur



PORTFOLIO DETAILS

as at 31 December 2003

RESIDENTIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake	Total No. of Units	Tenure
SINGAPORE							
Private Condominiums							
Belmond Green	Balmoral Road	2002	S	CRL Realty Pte Ltd	100%	211	Freehold
Casabella	Duchess Avenue	2002	S	CRL Realty Pte Ltd	100%	82	Freehold
Glentrees	Mount Sinai Lane	2002	S	Leonie Court Pte Ltd	100%	176	999 yrs
The Levelz	Farrer Road	2001	S	CRL Realty Pte Ltd	100%	126	Freehold
Palm Grove	off Upper Serangoon Road	2002	C	Leonie Court Pte Ltd	100%	111	999 yrs
Palm Haven	off Upper Serangoon Road	2002	C	CRL Realty Pte Ltd	100%	48	999 yrs
SunHaven	Upper Changi Road East	2002	C	CRL Realty Pte Ltd	100%	295	Freehold
SunGlade	Upper Serangoon Road	2003	C	CRL Realty Pte Ltd	100%	475	99 yrs
Tanamera Crest	off Upper Changi Road	2001	S	CRL Realty Pte Ltd	100%	288	99 yrs
Tanglin Residences	off Tanglin Road	2003	S	Leonie Court Pte Ltd	100%	43	Freehold
The Botanic on Lloyd	near Orchard Road	2003	S	CRL Realty Pte Ltd	100%	66	Freehold
The Imperial	off Oxley Rise	2003	S	Leonie Court Pte Ltd	100%	187	Freehold
The Loft	Nassim Hill	2002	C	Loft Condominium Pte Ltd	100%	77	99 yrs
The Shelford	Shelford Road	2002	S	Leonie Court Pte Ltd	100%	215	Freehold
The Waterina	Guillemard Road	2002	S	CRL Realty Pte Ltd	100%	398	Freehold
Visioncrest	Penang Road	2003	S	Winpeak Investment Pte Ltd	25%	265	Freehold

Name	Location	Year	*	Holding Company	Effective Stake	Total Potential GFA (sqm)	Tenure
Future Projects							
Site at Jellicoe Road	Jellicoe Road	2003	A	CRL Realty Pte Ltd	100%	61,300	99 yrs
Site at Martin Road	off River Valley Road	1999	A	CRL Realty Pte Ltd	50%	83,198	Freehold
Site at Meyer Road	Meyer Road	1999	A	CRL Realty Pte Ltd	100%	52,488	Freehold
Site at Nassim Hill	near Orchard Road	1999	A	CRL Realty Pte Ltd	100%	15,942	Freehold
Site at Scotts Road	Scotts Road	1997	A	Leonie Court Pte Ltd	100%	18,035	Freehold
Sites at Tong Watt Road	off River Valley Road	2000	A	Leonie Court Pte Ltd	100%	25,967	999 yrs
Site at West Coast Park	West Coast Park	2003	A	Leonie Court Pte Ltd	50%	60,555	956 yrs
Site at Yio Chu Kang Road	Yio Chu Kang Road	2000	A	CRL Realty Pte Ltd	100%	19,330	Freehold

* A: Year of Acquisition S: Start of Construction C: Completion

PORTFOLIO DETAILS

as at 31 December 2003

RESIDENTIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake	Total Saleable Area (sqm)	Total No. of Units	Tenure
CHINA								
Oasis Riviera	Changning District, Shanghai	2003	S	Shanghai Ning Xin Real Estate Development Co., Ltd	80.5%	270,000	2,000 (estimated)	70
La Cité	Xuhui District, Shanghai	2003	S	Shanghai Xin Xu Property Development Co., Ltd	99%	115,277	719	70
Summit Panorama	Pudong District, Shanghai	2003	C	Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	66.5%	155,989	939	70
Summit Residences	Pudong District, Shanghai	2002	S	Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	66.5%	129,000	913	70
Manhattan Heights	Jing'an District, Shanghai	2002	C	Shanghai Xin Li Property Development Co., Ltd	100%	36,175	254	70
Site at Xiao Guan Bei Li	Chaoyang District, Beijing	2002	A	Beijing Ruihua Real Estate Development Co., Ltd	62%	209,000	1,450 (estimated)	70
Site at Wa Li Road	Chaoyang District, Beijing	2003	A	Beijing Xin Kai Real Estate Development Co., Ltd	88.5%	272,000 (GFA)	2,000 (estimated)	70
HONG KONG								
Hong Kong Parkview Blk 15	Repulse Bay	1999	A	Central Hill Limited	75%	9,726	40 (option to renew)	75+75
MALAYSIA								
Suasana Sentral	Kuala Lumpur Sentral	2002	C	OneSentral Park Sdn Bhd	49%	66,984	400	Freehold

* A: Year of Acquisition S: Start of Construction C: Completion

COMMERCIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake	Total NLA (sqm)	Tenure	Total Book Value as at 31 Dec 03 S\$'000
SINGAPORE Office								
20 Orchard Road (SMA House)	Dhoby Ghaut Road	1989	A	CapitaLand SMA Pte Ltd	100%	1,795	99 yrs	4,800
268 Orchard Road	Orchard Road	1989	A	RE Properties Pte Ltd	100%	12,319	Freehold	135,000
Bugis Village	Junction of Rochor Road/Victoria Street	1989	A	Rochor Square Pte Ltd	100%	10,729	99 yrs	52,500
Caltex House	Raffles Place	2000	A	Savu Properties Limited	55%	24,704	99 yrs	^
Capital Tower	Robinson Road	2000	C	Capital Tower Pte Ltd	100%	68,997	99 yrs	782,500
Capitol Centre	North Bridge Road	1989	A	Capitol Square Pte Ltd	100%	4,545	30 yrs	124
3 Church Street	Church Street	2000	S	China Square Holdings Pte Ltd	36.8%	27,071	999 yrs	^
Hitachi Tower	Raffles Place	2000	A	Savu Investments Pte Limited	50%	26,035	999 yrs	^
One George Street	Close to Raffles Place	2002	S	George Street Pte Ltd	50%	5,590	99 yrs	^
						(land area)		
PWC Building	Close to Raffles Place	2000	C	DBS China Square Ltd	30%	33,029	99 yrs	^
Site and building leased to Raffles Hospital	North Bridge Road	2001	C	CapitaLand-Raffles Properties Pte Ltd	50%	18,580	99 yrs	^
Robinson Point	Robinson Road	1997	C	Robinson Point Pte Ltd	100%	12,368	Freehold	136,500
Selegie Complex	Selegie Road	1995	A	CapitaLand Selegie Pte Ltd	100%	13,186	99 yrs	62,600
Equity Plaza	Raffles Place	1992	C	D.L. Properties Ltd	35.4%	23,123	99 yrs	^
Six Battery Road	Raffles Place	1989	A	Clover Properties Pte Ltd	100%	45,938	999 yrs	674,200
Springleaf Tower (9 floors)	Anson Road	2002	C	Brimitty Pte Ltd	100%	7,503	99 yrs	85,000
Starhub Centre	Cuppge Road	1998	C	Cuppge Centre Pte Ltd	100%	25,889	99 yrs	264,500
Temasek Tower	Shenton Way	1995	A	Temasek Tower Ltd	90%	62,344	99 yrs	^
The Adelphi	Coleman Street	1988	A	Adelphi Property Pte Ltd	50%	19,307	999 yrs	^
Carpark								
Golden Shoe Carpark	Market Street	1989	A	Golden Square Pte Ltd	100%	3,456	99 yrs	73,000
Market Street Carpark	Market Street	1989	A	CapitaLand Market Street Pte Ltd	100%	1,702	99 yrs	35,100
Mixed Development								
Bugis Junction	Victoria Street	1990	A	Bugis City Holdings Pte Ltd	20%	63,529	99 yrs	^
Retail								
Bukit Panjang Plaza	Jebebu Road	2003	A	CapitaRetail BPP Trust	8.8%	13,567	99 yrs	
Clarke Quay	River Valley Road	1993	C	Clarke Quay Pte Ltd	100%	22,345	99 yrs	170,000
Funan The IT Mall	North Bridge Road	1984	C	CapitaMall Trust	32.2%	23,272	99 yrs	^
IMM Building	Jurong East	2003	A	CapitaMall Trust	32.2%	79,465	30+30 yrs	
Junction 8	Bishan	1993	C	CapitaMall Trust	32.2%	23,084	99 yrs	^
Lot One Shoppers' Mall	Choa Chu Kang	2003	A	CapitaRetail Lot One Trust	8.8%	19,320	99 yrs	
Plaza Singapura	Orchard Road	1974	C	Plaza Singapura Pte Ltd	100%	45,144	Freehold	702,000
Rivervale Mall	Rivervale Crescent	2003	A	CapitaRetail Rivervale Trust	8.8%	7,496	99 yrs	
Tampines Mall	Tampines Central	1995	C	CapitaMall Trust	32.2%	29,231	99 yrs	^
Industrial								
Technopark@Chai Chee	Bedok Town	1982	A	Wan Tien Realty Pte Ltd	100%	106,805	60 yrs	214,500
Clementi Complex	West Coast Road	1989	A	Clementi Complex Pte Ltd	100%	31,741	99 yrs	38,000
Corporation Place	Jurong	1993	C	Corporation Place Ltd	75%	58,289	60 yrs	^
Kallang Avenue Industrial Centre	Junction of Kallang Road and Kallang Avenue	1989	A	KAIC Pte Ltd	100%	10,271	99 yrs	26,000
Kallang Bahru Complex	Junction of Kallang Bahru and Kallang Avenue	1989	A	KBC Pte Ltd	100%	15,784	99 yrs	40,300
Ubi Techpark	Ubi Avenue 1	2002	C	Ubi Development Pte Ltd	50%	161,026	60 yrs	^

* A: Year of Acquisition S: Start of Construction C: Completion

^ Total book value of non wholly-owned Singapore commercial properties: \$5.94 billion

PORTFOLIO DETAILS

as at 31 December 2003

COMMERCIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake	Total NLA (sqm)	Tenure	Total Book Value as at 31 Dec 03 S\$'000
CHINA								
Office								
Pidemco Tower	Huangpu District, Shanghai	1998	C	Shanghai Huteng Real Estate Co Ltd	100%	41,661	50 yrs	134,589
Plot 9-1 at Luwan District	Luwan District, Shanghai	2003	S	Shanghai Xin Mao Property Development Co Ltd	95%	30,000 (estimated)	50 yrs	^^
Mixed Development								
Huiteng Metropolis	Huicheng Commercial City, Xiamen	1998	C	Xiamen Huiteng Properties Co Ltd	50%	64,689	50 yrs	^^
Raffles City Shanghai	Huangpu District, Shanghai	2003	C	Shanghai Hua Qing Real Estate Devt Co Ltd	47.5%	127,000	50 yrs	^^
HONG KONG								
Office								
38th Floor Tower One, Lippo Centre	Central	1997	A	Dahlia Properties Pte Ltd	100%	1,384	75 yrs + 75 yrs	17,433
Unit 1806-9 Tower Two, Lippo Centre	Central	1997	A	Star Assets Property Ltd	100%	615	75 yrs + 75 yrs	6,593
AIG Tower	Central	2002	S	Bayshore Development Group Ltd	45%	41,707	999 yrs	^^
Industrial								
Corporation Park	Sha Tin	1996	C	Sea Dragon Ltd	30%	38,000	54 yrs	^^
JAPAN								
Office								
Shinjuku Square Tower (19th to 29th Floors)	Shinjuku Ward, Tokyo	2001	A	Shinjuku Square Tower Tokutei Mokuteki Kaisha	50%	11,097	Freehold	^^
Retail								
La Park Mizue	Mizue, Edogawa-Ku, Tokyo	2003	A	CapitaRetail LPM Tokutei Mokuteki Kaisha	100%	22,678	Freehold	81,549
MALAYSIA								
Office								
Menara Citibank	Jalan Ampang, Kuala Lumpur	1994	A	Inverfin Sdn Bhd	30%	69,222	Freehold	^^
UNITED KINGDOM								
Office								
19-31 Moorgate	Moorgate, London	2003	C	CapitaLand UK Holdings Limited	50%	7,000	150 yrs	^^
Mixed Development								
Canary Riverside	Canary Wharf, London	2000	C	Canary Riverside Development Pte Ltd	62.5%	Comm: 6,604 Res: 322 units Hotel: 142 rooms	999 yrs	^^

* A: Year of Acquisition S: Start of Construction C: Completion

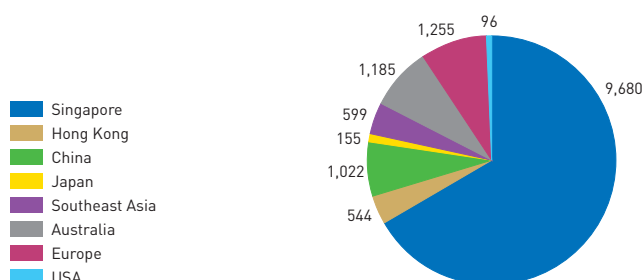
^^ Total book value of non wholly-owned overseas commercial properties: \$2.09 billion

PORTFOLIO ANALYSIS

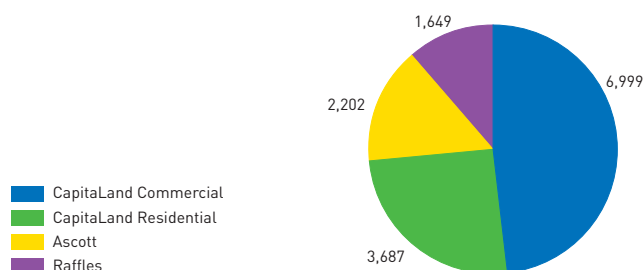
The Group's property portfolio as at 31 December 2003 comprised residential development properties, investment properties, serviced residences and hotels owned by subsidiaries, associated and joint venture companies.

In the following analysis, the values attributable to the CapitaLand Group are used. Investment properties are stated at their market values while residential development properties are stated at book costs (net of any provisions made). Properties treated as fixed assets are stated at book cost.

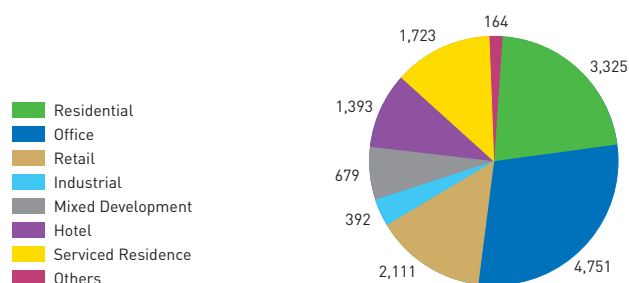
Property Value by Region (\$m)



Property Value by SBU (\$m)



Property Value by Sector (\$m)



INVESTOR RELATIONS COST MANAGEMENT STRATEGIC CORPORATE MARKETING

INVESTOR RELATIONS

CapitaLand's Investor Relations department provides timely, accurate and credible information to investors, analysts and fund managers. In 2003, CapitaLand participated in more than 120 investor meetings. The Company also participated in investor conferences in New York, Hong Kong and Europe.

As testament to the Group's commitment to corporate governance, CapitaLand won the Most Transparent Company Award in the Property category from the Securities Investors Association (Singapore) for the third consecutive year in 2003. CapitaLand also topped regional corporate governance polls by FinanceAsia, Asiamoney and the National University of Singapore.

The Company also regularly conducted briefings for analysts and the media, providing access to senior management and clarifications on strategy. The briefings were simulcast live over the Internet.

The Investor Relations web pages include features such as real-time stock quotes, press releases, management biographies, the corporate profile, pdf format annual reports and a list of analysts covering CapitaLand. Investors can make online requests for printed copies of corporate brochures, or CapitaLand's Summary and Annual Reports. They can also register to receive e-mail alerts on CapitaLand news.

Going forward, the department will continue to uphold transparency standards, and stimulate investors' awareness and interest in CapitaLand.

COST MANAGEMENT

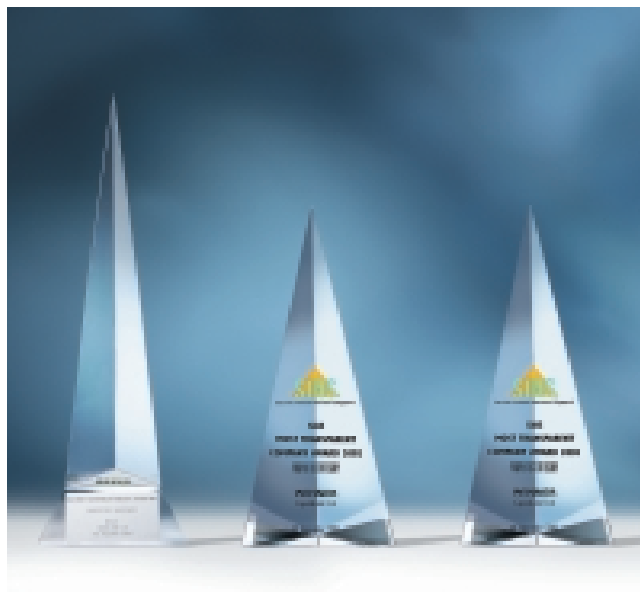
The Synergistic Cost Management Division (SCMD) was established in 2001 to coordinate and spearhead the Group's efforts to synergise operations. The division achieved total savings of S\$20.9 million in 2003 through various programmes which leveraged on economies of scale, capitalised on best practices in systems, and achieved operational efficiencies.

Going forth, the Virtual Procurement Units set up across all strategic business units will continue to lower costs and enhance collaborative efforts within the Group.

STRATEGIC CORPORATE MARKETING

In 2003, the Group formed the Strategic Corporate Marketing (SCM) department to exploit CapitaLand Group's extensive customer reach and improve profitability. The new SCM department will spearhead various intra and inter-SBU initiatives, including cross-marketing, strategic partnership management, and integrated communications and advertising strategies.

Winner of the SIAS Most Transparent Company Award for three consecutive years



HUMAN RESOURCES

INFORMATION TECHNOLOGY

HUMAN RESOURCES

As CapitaLand continues on its growth path to ensure superior shareholder value, the Group places strong emphasis on the development of human capital. Senior management closely monitors job performance to augment its management talent pool.

In 2003, the CEO and senior management met regularly with identified talents in small groups and in one-on-one sessions, holding meetings in Singapore and abroad. Several talent development programmes were initiated, including the CapitaLand Management Programme (CMP) during which senior management shared core corporate values and “hands-on” management experiences. Other initiatives included new development programmes like the Essentials of Business Management Programme and the Strategic Business Leadership Programme. Promising CapitaLand executives would also be sent for programmes in graduate business schools such as Harvard, INSEAD, IMD, Stanford and Wharton.

The Group believes that the development of human capital begins at the recruitment stage. It spared no efforts in getting the right talents for its businesses, making global searches for people with attributes that are aligned to the Group's value system and culture. Efforts were also made to develop greater breadth in the management bench strength by exposing identified talents, from Singapore and other countries, to business environments outside their home countries.

Besides the development of talents, the Group ensured that employees maintained good health to maximise productivity. Workplace health programmes were organised by the CapitaLand Group Recreation Club in conjunction with professional national agencies that cater to health and fitness, self-development, family and social needs of employees.

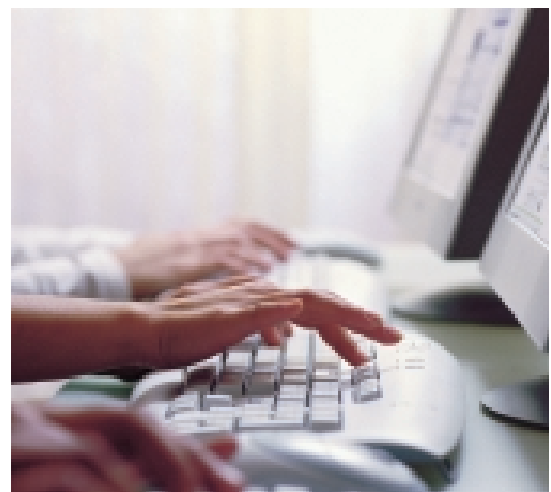
INFORMATION TECHNOLOGY

CapitaLand continued to leverage on technology to improve organisational effectiveness, by streamlining work processes, improving productivity and lowering operating costs.

Some of the key initiatives included:

- Consolidation of our IT systems by centralising the Data Centre, and standardising the hardware and the software platforms.
- Implementation of knowledge management and document management systems to improve internal work processes.
- Creation of Group-wide intranet by connecting all offices (local and overseas) to the Data Centre.
- Enhancement of security to prevent hacking activities, and to instill awareness through employee education.

Looking ahead, the Group will continue to consolidate various IT platforms for greater synergy and efficiency, as well as to work towards greater integration of work processes with customers and business partners.



SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group participated actively both in Singapore and overseas to support the less privileged and to create vibrant communities. This commitment to people, both its own staff and the community at large, is encapsulated in its mission, 'Building for People'.

Some of the areas of involvement were youth and education, the elderly and health-related issues.

SINGAPORE

Staff participation in charity and community is a hallmark feature of the Group's community relations programme. CapitaLand staff celebrated National Day at the Rainbow Centre with children suffering from Autism, Down's Syndrome or multiple disabilities. Other initiatives included 'Arts for Charity', a school holiday programme for children with special needs, and a charity auction for Bright Hill Evergreen Home. More than 50 PREMAS International staff also visited the old folks of Geylang East Home for the Aged.

In addition, the Group also helped groom talent from Singapore and abroad, through donations to the Yong Siew Toh Conservatory of Music and to the Lee Kuan Yew School of Public Policy, which is part of the National University of Singapore.

Community relations activities were also organised at various CapitaLand-managed malls. Over the year, CapitaMall Trust was the venue sponsor for fund-raising by charitable organisations such as the Community Chest and Lion's Home. Other activities organised in the malls included the monthly Community Sunday at Junction 8 for unemployed youths; the Innovation Fair at Tampines Mall, to promote entrepreneurship amongst students; and a national fencing competition for children at Funan The IT Mall.

Raffles The Plaza and Swissôtel The Stamford raised S\$39,000 for the Spastic Children's Association School, their adopted charity. Raffles Hotel raised S\$338,000 for five Singapore charities: MINDS Guillemard Gardens School, AWWA Teach ME, Moral Home Help Service (West), Hospice Home Care Service and Riding for the Disabled. Swissôtel Merchant Court also donated to their adopted charity, the Children's Aids Home.

The Ascott Group's employees in Singapore organised Christmas bazaars in aid of the Movement for the Intellectually Disabled of Singapore (MINDS), Singapore Association for the Visually Handicapped and Singapore Spastic Children's Association. Ascott matched the funds raised on a dollar-for-dollar basis.

At Clarke Quay, community events included 'Shall We Dance', part of the government's 'Romancing Singapore' efforts, and an 'Arti Party', which is a staging of visual arts, poetry, music, dance and drama performances. We also participated in a 'Food & Heritage Trail', and organised a fund-raising tri-challenge of roller-blading, cycling and running as part of 'Play! Singapore'.

The outbreak of SARS spurred the Group to set up the Healthcare Frontliners Award at the Nanyang Polytechnic School of Health Sciences, as a tribute to nurses in Singapore.

OVERSEAS

Given our global reach, the Group, especially hospitality arms Raffles Holdings and The Ascott Group, had strong community activities in the countries where they operate.

In China, the Group donated a 3,000 square metre land parcel in Shanghai to the local Ju Yuan School, as a school extension and for other sports and recreational activities. We also donated airport thermal scanners to the governments of China and Vietnam.

In Cambodia, Raffles Grand Hotel d'Angkor, Siem Reap and Raffles Hotel Le Royal, Phnom Penh continued the Rendering Encouragement, Assistance, Care and Hope (REACH) programme. Management and staff donated toys, clothes, school uniforms, bicycles, books and stationary to needy children. Staff also participated in the Angkor Wat Marathon to raise money for landmine victims.

In Europe, Raffles International, through its Swissôtels in Zurich, Geneva, Amsterdam and London, is a patron of the SOS Children's Villages, which raises funds to build villages for orphaned and destitute children worldwide. Swissôtel Düsseldorf/Neuss once again sponsored the UNESCO's fundraising gala to help fund 187 projects for 150,000 children around the world.

In Switzerland, Le Montreux Palace organised the Lionel Perrier Gala Dinner to raise funds for brain cancer research. The hotel also raised money for needy children of "Les Enfants du Cœur". Swissôtel Métropole Geneva donated food to the Red Cross of Geneva over eight weeks.

In Turkey, Celik Palas Bursa's staff donated food, medicine and cash to the victims of the Bingöl earthquake.

In the United States, Raffles L'Ermitage Beverly Hills raised funds for the Maple Counselling Center, while Swissôtel Chicago's employees contributed to the March of Dimes Mission, dedicated to improving infant and maternal health, and the Gus Foundation, which raises awareness of paediatric brain tumours. The hotel also sponsored a concert to benefit the Laribida Children's Hospital. In New York, staff of Swissôtel The Drake contributed food weekly to City Harvest in New York City, a local community-based hunger-relief charity. They also participated in the New York City Hotels Walkathon, to raise money for the Children's Hope Foundation.

In the Americas, Swissôtel Quito in Ecuador organised a charity dinner to raise money for a school for needy children. The hotel also invited 100 children from poor families to celebrate Children's Day at the hotel.

In Australia and New Zealand, Ascott's properties donated room nights for lucky draws to help raise funds for organisations such as Koru Care Charitable Trust for handicapped and terminally ill children, De Paul House for needy families and the Royal Hobart Hospital Research Foundation.

To help children from the Sabrina Temberken School for the Blind in Tibet and Living Tree Foster Home in Beijing, the Ascott International Ladies' Club organised an autumn charity bazaar at Somerset Fortune Garden. In Tianjin, Somerset Olympic Tower donated to the city's Disability Bureau which helps the handicapped.

Staff and guests from Ascott's Shanghai properties provided gifts to 50 needy families for the Lunar New Year. They also took part in the annual Terry Fox Run to raise funds for cancer research.

In Vietnam, Somerset Chancellor Court held an exhibition and sale of embroidered silk artworks by local artisans, in aid of Ho Chi Minh City's Disabled and Homeless Children's Fund.

Staff and guests of Ascott's serviced residences in Hanoi also made donations and distributed food to handicapped Vietnam War veterans.

In Manila, Ascott's serviced residences held a month-long donation drive for Mother Teresa's Centre for sick and abandoned children.

Raffles International, through Swissôtel, is a patron of SOS Children's Villages, which raises funds for destitute children worldwide including Cambodia.



PERFORMANCE REVIEW

2003 had been a challenging year. The market conditions in Singapore continued to be difficult. Generally, the weak economies in the region were also less than robust. In addition, the Group had to overcome the negative effects of the war in Iraq and Severe Acute Respiratory Syndrome in the first half of the year, coupled with continual fears of terrorism. The Group also had to make further provisions for decline in capital values of investment properties and diminution in value of investments.

Despite all these adversities, the Group achieved a commendable revenue of S\$3,830.1 million and a net profit of S\$105.3 million for full year 2003. This positive showing was the fruits of past strategies taken by the Group, namely:-

- Embarking on a monetisation programme to achieve an asset-light balance sheet, to realise capital gains as well as to use the proceeds to pare down debt. This was achieved not just by pure divestments but in certain cases, through innovative new financial products such as the CapitaMall Trust, the first real estate investment trust ("Reit") in Singapore.
- Diversifying the Group's risks through overseas expansion. Overseas assets have increased to 38.1% of Group's total assets compared to 34.1% in 2002. They now contribute 64.3% of Group's revenue and 64.6% of Group's EBIT (excluding provisions) compared to 61.1% and 44.9% respectively last year.
- Raising asset productivity through improving yields of investment properties, using Reits/Funds for capital efficient growth and increasing asset turnover.
- Changing the Group's business model by growing higher value-added services and earning more fee-based income.
- Proactive refinancing strategies to reduce finance costs.

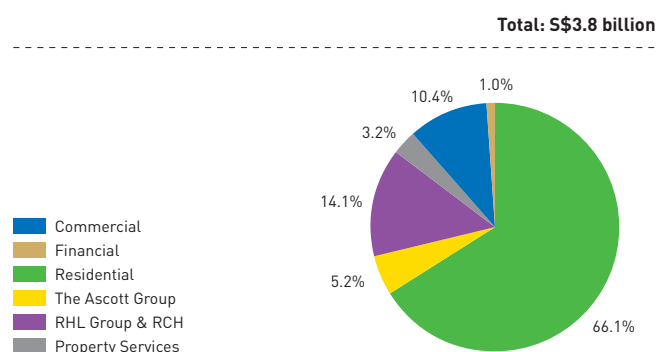
Operating performance was better than 2002. In addition, finance costs was lower by S\$43.2 million or 15.2% from S\$284.0 million last year to S\$240.8 million this year. However, the improved operating performance and reduced finance costs were offset by provision for decline in capital values of investment properties which had to be charged to the profit and loss account ("P&L"). The revaluation deficits charged to the P&L for 2003 amounted to S\$161.8 million compared to S\$79.4 million in 2002. Mainly as a result of this charge, the Group's profit after tax and minority interests ("PATMI") was reduced to S\$105.3 million vs 2002's restated PATMI of \$280.0 million. Excluding portfolio gains and provisions, Group's PATMI for 2003 would have been S\$210.6 million compared to S\$172.3 million in 2002.

REVENUE

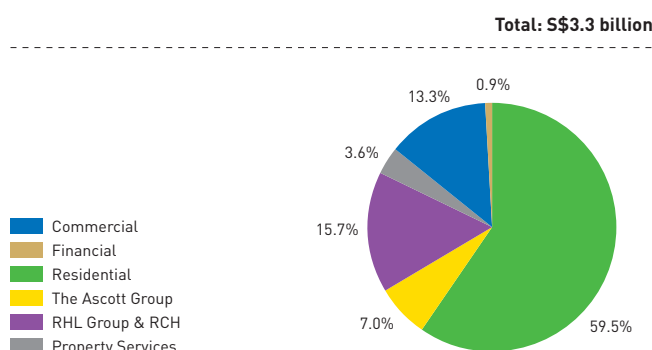
The revenue of S\$3,830.1 million for 2003 was S\$568.4 million or 17.4% higher than last year. This came mainly from our Residential SBU which contributed about S\$595.2 million higher revenue due to better performance achieved across the board in its residential operations in Australia, China and Singapore. Our Hotels SBU also achieved higher revenue due to contributions from new contracts signed. These higher revenues helped to offset the loss of contributions from assets divested.

Approximately 66.1% of the Group revenue was contributed by the Residential SBU while the Hotels SBU contributed 14.1% and the Commercial SBU contributed 10.4%.

2003 Turnover by SBU

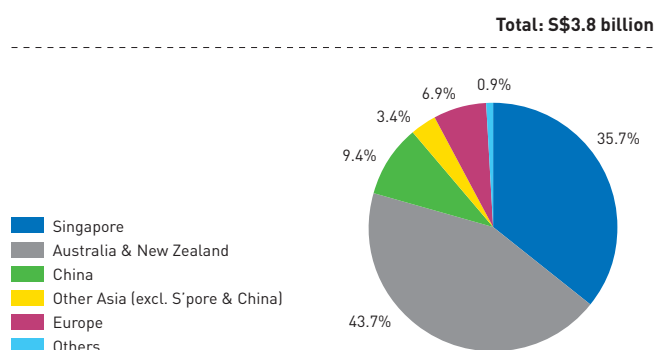


2002 Turnover by SBU

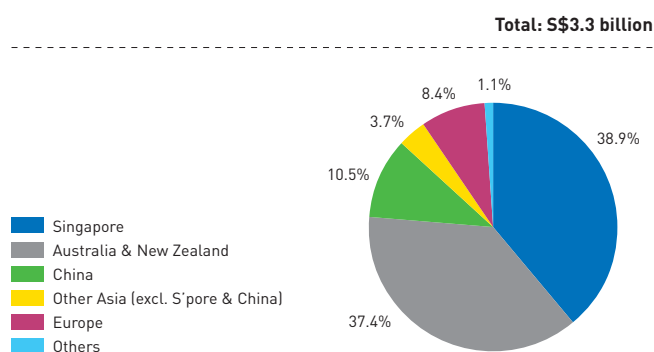


In terms of geographical analysis, the revenue from Singapore operations as a percentage of Group's revenue decreased steadily over the past three years as a result of increased overseas contribution. Singapore's revenue contributed 35.7% of Group's revenue while the major overseas contributors were from Australia and New Zealand (43.7%), China (9.4%) and Europe (6.9%). Australia's revenue came from our listed residential stapled entity, Australand Property Group, as well as from Ascott's Oakford chain of serviced residences and Raffles Holdings' Swissôtel Sydney. Contribution from China came mainly from the robust residential sales in Shanghai while Europe's turnover was mainly contributed by Raffles' Swissôtel hotel chain and Commercial SBU's Canary Riverside development.

2003 Turnover by Geographical Location



2002 Turnover by Geographical Location



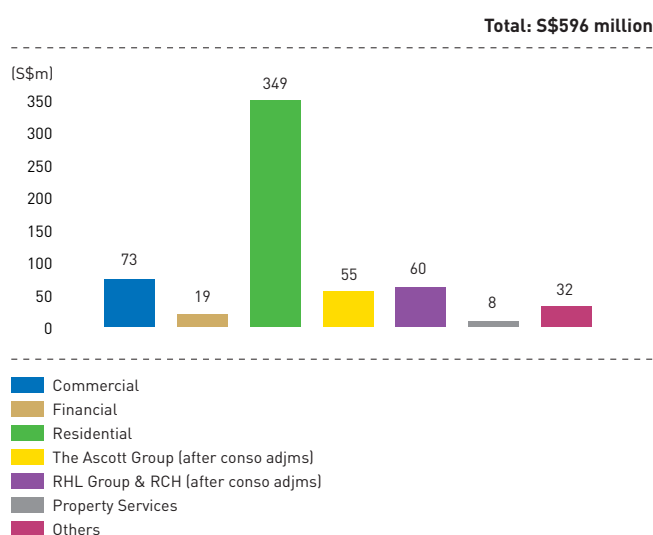
ANALYSIS OF RESULTS

Operating profit of S\$685.8 million was 8.0% better than the S\$634.8 million in 2002. However, portfolio gains of S\$99.8 million was much lower than 2002 while provisions of S\$190.0 million was significantly higher due mainly to higher revaluation deficits being charged to the profit and loss account compared to the previous year. As a result, Group earnings before interest and tax ("EBIT") for 2003 was S\$595.6 million, a decrease of 22.1% over 2002.

SBUs which achieved higher EBIT were the Residential and Financial SBUs. The Residential SBU achieved EBIT of S\$349.2 million, an 18.9% increase from S\$293.8 million in 2002. The improvement came from the robust sales of China projects and higher contribution from Australand due to higher activity as well as the appreciation of A\$. The Financial SBU recorded EBIT of S\$18.6 million compared with S\$7.4 million the previous year due to higher structuring and advisory fees earned.

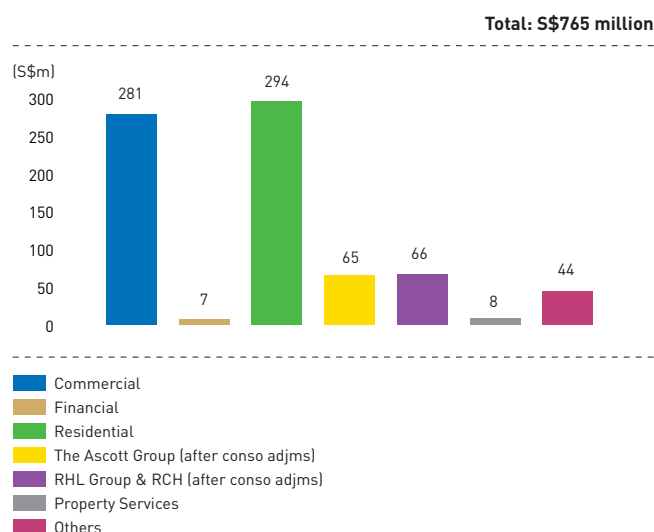
The other SBUs recorded lower EBIT. Commercial & Hotels SBUs' EBIT of S\$72.7 million and S\$60.2 million respectively were lower than the S\$281.1 million and S\$65.5 million recorded in 2002 due to higher revaluation deficits charged to the profit and loss account. There was also absence of material portfolio gains for Commercial SBU this year. For the Serviced Residence SBU, the EBIT was S\$54.7 million compared to S\$65.4 million in 2002. Operationally, the core operations improved but this was offset by lower contribution from its non-core retail and residential businesses which have been steadily phased out. The Property Services SBU's EBIT of S\$8.0 million was marginally lower by S\$0.3 million due to lower margins as a result of stiffer competition.

2003 EBIT by SBU



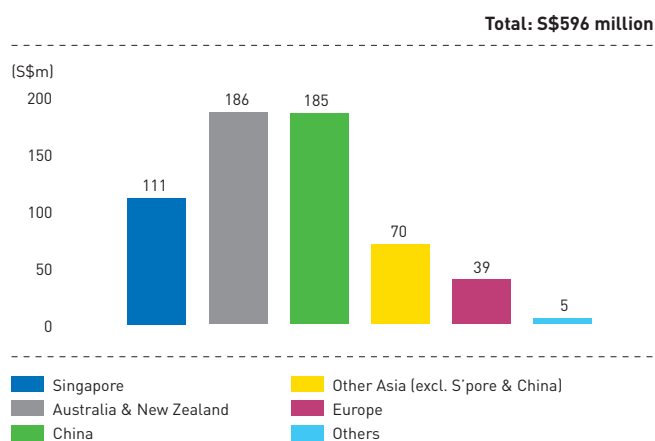
PERFORMANCE REVIEW

2002 EBIT by SBU

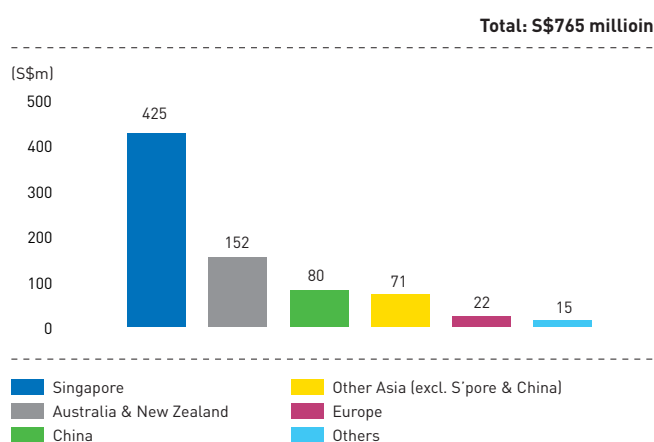


In terms of geographical analysis, the Group EBIT came mainly from Australia/New Zealand (31.3%), China (31.1%) and Singapore (18.7%). Comparing year-on-year, the regions which showed significant improvement were China as a result of robust residential sales; Australia due to higher contribution from Australand and the appreciation of A\$; as well as Europe due mainly to new contribution from the Citadines chain of serviced residences, improved performance from the Swissôtel chain of hotels and strengthening of the Euro. The lower EBIT from Singapore was attributed to higher revaluation deficits taken to the P&L and loss of contributions from assets divested earlier.

2003 EBIT by Geographical Location



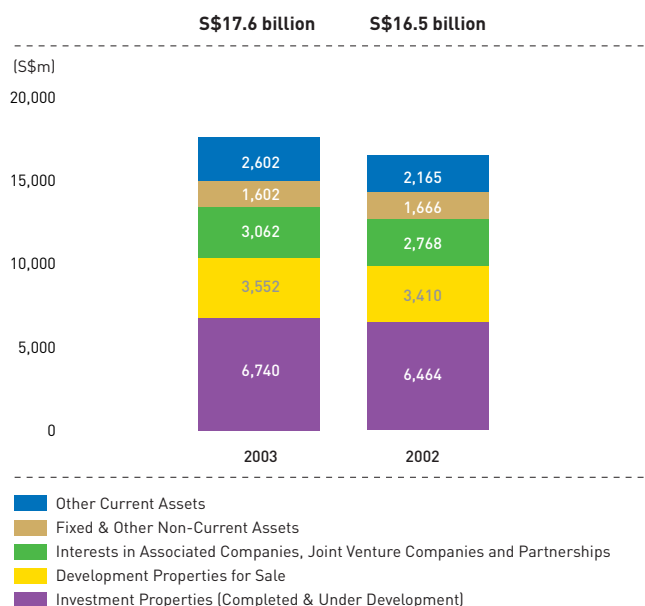
2002 EBIT by Geographical Location



DIVIDENDS

The Directors have proposed a first and final gross dividend of 4 cents per share (2002 : 5 cents). The net cash outflow for the proposed dividend after deducting tax of 20% is about S\$80.6 million. This lower proposed dividend is in view that the profit of S\$105.3 million made in 2003 was lower than the S\$280.0 million achieved in the previous year. Nevertheless, the Directors are pleased that shareholders will be given CapitaCommercial Trust ("CCT") units in the proportion of 200 CCT units for every 1,000 CapitaLand shares held via a capital reduction and a distribution in specie. The said distribution in specie is equivalent to the return of the Group's net asset value of 36 cents per CapitaLand share. The CCT units will be listed on the Main Board of the Singapore Exchange and shareholders can either choose to realise the proceeds of their units or hold long-term and enjoy the half-yearly distributions from their units.

Total Assets by Category



ASSETS

The total assets as at 2003 year-end were S\$17.6 billion compared with S\$16.5 billion for 2002. The increase of S\$1.1 billion was mainly due to new investments, purchases of land for development and the formation of a stapled entity known as Australand Property Group. The increase in total assets was partially offset by a decline in the value of investment properties, and provisions made for impairment in asset values.

BORROWINGS

The Group's net debt and gearing at end 2003 were S\$6.1 billion and 0.75 respectively, compared with net debt of S\$5.7 billion and gearing of 0.72 a year ago. The increased borrowings were due mainly to new investments.

SHAREHOLDERS' EQUITY

There was no change in the issued and paid-up ordinary share capital of the Company.

The Group's reserves improved by S\$16.4 million to about S\$3.6 billion. This largely came from the S\$105.3 million net profit recorded for the year under review, and unrealised exchange gains in the foreign currency translation reserve. These were partially offset by the S\$98.2 million dividend paid out in May 2003 in respect of financial year 2002, and the reduction in other capital reserves.

Accumulated losses as at 31 December 2003 stood at S\$61.3 million, a significant improvement from the accumulated losses of S\$373.6 million at end 2001. The reduction in accumulated losses was due to the profits achieved in 2002 and 2003.

The shareholders' funds of S\$6.1 billion as at 2003 year-end remained relatively unchanged from 2002. In tandem, net tangible assets backing per share remained at S\$2.40.

TREASURY HIGHLIGHTS

	2003	2002
Bank Facilities And Available Funds		
Total bank facilities available (S\$m)	7,246	6,293
Amount utilised for loans (S\$m)	4,963	3,694
Available and unutilised (S\$m)	2,283	2,599
Cash and fixed deposit balances (S\$m)	1,476	1,087
Total unutilised facilities and funds available for use (S\$m)	3,759	3,686
Debt Securities Capacity		
Total debt securities capacity (S\$m)	4,889	5,692
Debt securities issue (net of debt securities repurchased) (S\$m)	2,585	3,083
Unused debt securities capacity (S\$m)	2,304	2,609
Interest Cover Ratio		
Net profit before depreciation and amortisation, interest and tax (S\$m)	615	811
Net interest expense (S\$m)	168	237
Interest cover ratio (times)	3.67	3.42
Interest Service Ratio		
Operating cash surplus before interest and tax (S\$m)	1,265	1,470
Net interest paid (S\$m)	229	319
Interest service ratio (times)	5.52	4.61
Secured Debt Ratio		
Total secured debt (S\$m)	2,093	2,562
Percentage of secured debt	28%	38%
Debt/Equity Ratio		
Total debt (S\$m)	7,548	6,777
Cash and fixed deposit balances (S\$m)	1,476	1,087
Net debt (S\$m)	6,072	5,690
Total equity (S\$m)	8,062	7,957
Debt equity ratio	0.75	0.72
(net of cash and fixed deposit balances) (times)		

Note: 2002 comparative figures have been restated to conform with 2003's presentation

PERFORMANCE REVIEW

MANAGEMENT AND SOURCES OF FUNDING

The Group aims to maintain a prudent financial structure. This includes, among others, close monitoring of the Group's cashflow situation, debt maturity profile and overall liquidity position. To ensure prudent liquidity management, the Group constantly maintains available banking facilities of not less than 25% of its net debt level.

The Group's total gross debt was S\$0.8 billion higher compared to the previous year. The increase was due to new debt raised to finance new land acquisitions in Singapore and Australia and to fund its acquisition of a 49% stake in Citadines, a pan-European serviced residence chain via its listed subsidiary, The Ascott Limited.

As at year end, the Group's cash and fixed deposit balances had increased by 36% to S\$1.5 billion. The higher cash reserves were, mainly due to proceeds received from sale of Raffles Brown's Hotel, UK, and higher sales proceeds collected from completed residential projects.

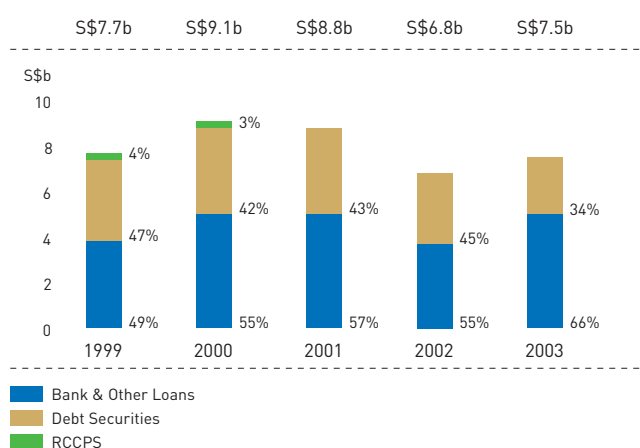
The Group also managed to capitalise on the low interest rate environment and refinanced at least S\$1 billion of its funding at lower interest rates. This translated to substantial reduction in interest expense for the Group. Net interest expense for financial year ended 2003 further improved to S\$168 million, compared to S\$237 million in Year 2002 and S\$356 million in Year 2001 respectively.

SOURCES OF FUNDING

The Group obtains financing from both financial institutions and the capital markets. The Group constantly seeks to broaden its source of funding. In addition, over the past few years, the Group has also successfully raised funding through securitisation and rated commercial and residential mortgaged backed securities bond issues as part of the Group's financing strategy.

As at year end, about 30% of the Group's gross debt was funded from the capital markets, 66% from financial institutions and the balance from a convertible bond issue done in Year 2002. In Year 2003, capital market funding formed a lower proportion of the overall loan portfolio as a result of the refinancing of approximately S\$1 billion of securitised commercial property bonds issue with bank loans. For the year ended 31 December 2003, bank lines for the Group totalled S\$7.2 billion of which S\$2.3 billion were unutilised as at year end.

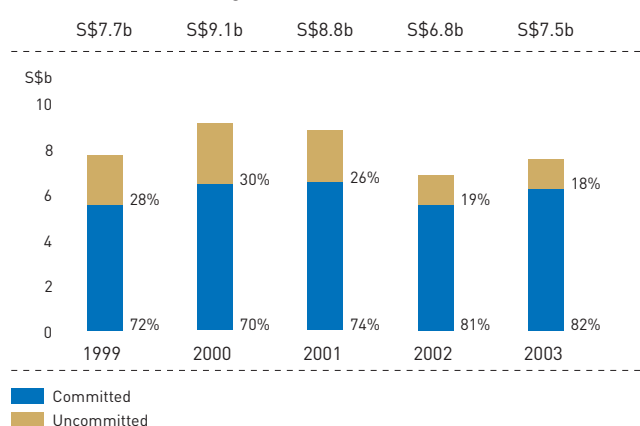
Sources of Funding



COMMITMENT OF FUNDING

As at 31 December 2003, about 82% of the Group's loan portfolio raised was on a committed basis. As part of the financing strategy, the Group continues to capitalise on the low interest rate environment by financing part of its loan portfolio using cheaper short term funds. Whenever possible, the Group endeavours to raise committed funding from both the capital markets and financial institutions so as to maintain a prudent asset/liability match.

Commitment of Funding



MATURITY PROFILE

	S\$ billion	% of Debt
Due within 1 year	2.69	36
Between 1 & 2 years	1.86	25
Between 2 & 3 years	1.68	22
Between 3 & 4 years	0.48	6
Between 4 & 5 years	0.66	9
More than 5 years	0.18	2

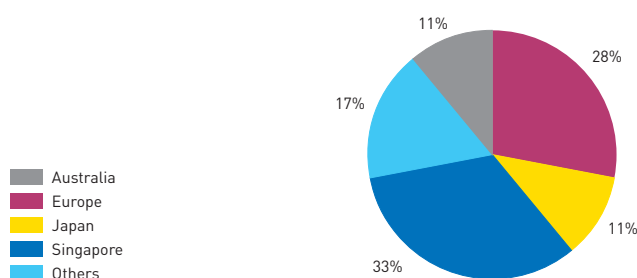
In comparison to the previous year, the maturity loan profile improved by 12% for debt due within a year. There was a higher level of debt maturing in Year 2 and 3 as a result of the refinancing of about S\$1 billion of debt securities prior to their maturity in Year 2009 at more competitive terms. As at 31 December 2003, the Group had S\$1.5 billion in cash balances and fixed deposits and unutilised bank lines of S\$2.3 billion to meet the short-term debt obligations. As part of its financial management, the Group actively monitors its debt maturity profile and its refinancing decisions taking into consideration its divestment and investment plans.

AVAILABLE LINES BY NATIONALITY OF BANKS AS AT 31 DECEMBER 2003

The Group continues to maintain an extensive and active relationship with a network of more than 40 banks of various nationalities.

Available Lines by Nationality of Banks

as at 31 December 2003

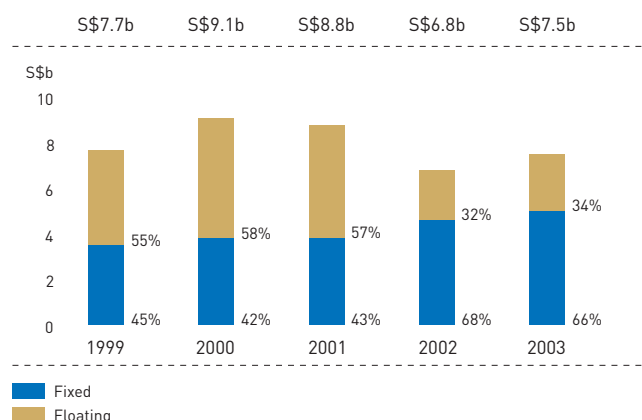


INTEREST RATE PROFILE

As part of its financing strategy, the Group takes advantage of the low interest rate environment and has been locking in medium term funding at the appropriate fixed rate levels. It manages its interest costs by maintaining a prudent mix of fixed and floating rate borrowings. On a portfolio basis as at 31 December 2003, the fixed rate borrowings constituted 66% of total borrowings, and the balance 34% was on a floating rate basis. The higher percentage in fixed rate funding offers protection against interest rates hikes and also allows the Group to continue capitalising on a lower cost of funding in view of the favourable interest rate environment during the year. In managing the interest rate profile, the Group also takes into account the investment holding period and the divestment plans across its business units.

The Group's average cost of borrowing has generally declined as the continuing low interest rate environment allows the Group to refinance some of its loans at a more attractive interest rate.

Analysis of Fixed and Floating Rate Loans



GEARING

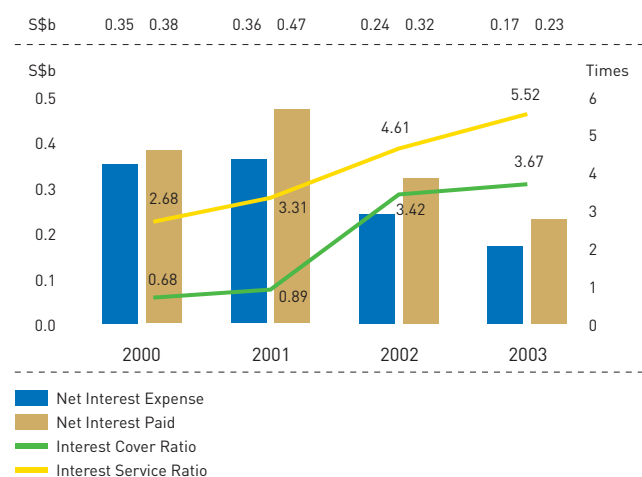
	2003	2002
Debt Equity ratio (net of cash and fixed deposit balances)	0.75	0.72

The gearing was 0.75 for the year ended 31 December 2003. The slightly higher gearing was mainly due to new financing raised for land purchases and its acquisition of a 49% stake in Citadines, a pan-European serviced residence chain.

INTEREST COVER RATIO ("ICR") AND INTEREST SERVICE RATIO ("ISR")

The ICR and the ISR was 3.67 and 5.52 respectively. The ICR has improved as a result of lower interest cost charged to the profit and loss account for the current year as compared to the previous year. The ISR also improved from the previous year from 4.61 to 5.52. The improvement in ISR was attributed to lower interest cost paid during the year.

Interest Cover and Interest Service Ratios



Note: 2002 comparative figures have been restated to conform with 2003's presentation

ECONOMIC VALUE ADDED STATEMENTS

	Note	2003 S\$million	2002 * S\$million
Net Operating Profit Before Tax		296.9	402.5
Adjust for:			
Share of associated companies, joint venture companies and partnerships' profits		57.9	78.5
Interest expense	1	240.8	284.0
Others		106.9	142.1
Adjusted Profit Before Interest and Tax		702.5	907.1
Cash operating taxes	2	(245.4)	(178.6)
Net Operating Profit After Tax (NOPAT)		457.1	728.5
Average capital employed	3	15,693.0	16,119.8
Weighted average cost of capital (%)	4	6.40	8.50
Capital Charge (CC)		1,004.4	1,370.2
Economic Value Added (EVA) [NOPAT – CC]		(547.3)	(641.7)
Minority share of EVA		(72.1)	(128.5)
Group EVA attributable to ordinary shareholders		(475.2)	(513.2)
Excluding net divestment gains and provisions as per EVA framework		(125.4)	111.0
Group EVA attributable to ordinary shareholders (excluding net divestment gains and provisions)		(349.8)	(624.2)

Note 1: Interest expense is adjusted for interest expense capitalised in previous years now released to the profit and loss account.

Note 2: The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 3: Monthly average share capital plus interest bearing liabilities, timing provision, goodwill amortised, and present value of operating leases.

Major Capital Components:

	S\$million
Borrowings	7,049.2
Equity	8,107.1
Others	536.7
Total	15,693.0

Note 4: The Weighted Average Cost of Capital is calculated in accordance with Singapore Technologies (ST) Group EVA Policy as follows:

- Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2002: 7.0%);
- Risk-free rate of 2.78% (2002: 3.94%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- Ungeared beta at 0.50 to 0.90 (2002: 0.70 to 0.85) based on ST risk categorisation of CapitaLand's strategic business units; and
- Cost of Debt rate at 2.68% (2002: 4.30%) using 5-year Singapore Dollar Swap Offered rate plus 75 basis points.

* 2002 comparatives have been restated to take into account the effects of INT FRS 19 on Measurement Currency, reclassification of certain leasehold properties by a subsidiary to align more closely to Group's policy, as well as the reclassification of certain items in subsidiaries' financial statements to be in line with Group's classification. In addition, certain comparatives have been reclassified to conform with current year's presentation.

VALUE ADDED STATEMENTS

	2003 S\$ million	2002 * S\$ million
Value Added From:		
Revenue earned	3,830.1	3,261.7
Less bought in materials and services	(2,776.4)	(2,178.1)
Gross Value Added	1,053.7	1,083.6
Share of associated companies, Joint ventures and partnerships' profits	57.9	78.5
Exchange gains (net)	9.1	7.0
Other operating income (net)	53.9	159.1
	120.9	244.6
Total Value Added	1,174.6	1,328.2
Distribution:		
To employees in wages, salaries and benefits	459.5	428.3
To government in taxes & levies	159.5	101.6
To providers of capital in:		
– Net Interest on borrowings	255.0	308.4
– Dividends to shareholders	98.2	58.9
	972.2	897.2
Balance Retained in the Business:		
Depreciation and amortisation	92.7	93.2
Retained profits/(losses) net of dividend to shareholders	7.1	221.1
Minority interests	99.3	114.3
	199.1	428.6
Non-Production Costs and Income:		
Bad debts and provision of doubtful debts	3.3	2.4
Total Distribution	1,174.6	1,328.2
Productivity Analysis:		
Value added per employee (S\$'000) #	104	105
Value added per dollar of employment cost (S\$)	2.29	2.53
Value added per dollar investment in fixed assets (S\$)	0.54	0.54

Based on Dec 2003 headcount of 10,175 (2002 : 10,333).

* 2002 comparatives have been restated to take into account the effects of INT FRS 19 on Measurement Currency, reclassification of certain leasehold properties by a subsidiary to align more closely to Group's policy, as well as the reclassification of certain items in subsidiaries' financial statements to be in line with Group's classification. In addition, certain comparatives have been reclassified to conform with current year's presentation.

5-YEAR FINANCIAL SUMMARY

	1999	2000	2001	2002	2003
A PROFIT AND LOSS ACCOUNTS (\$\$ million)					
Revenue by Activity					
Commercial properties' rental and related income	416.1	463.6	809.2	687.2	923.0
Residential properties' sales and related income	1,860.1	1,863.9	1,690.1	1,769.3	2,045.5
Serviced residences operations	63.1	91.4	138.9	153.0	151.2
Hotels operations	336.6	398.1	498.7	549.4	576.2
Property, project and other management services	103.9	117.8	116.3	118.9	123.8
Other income	36.3	65.9	39.5	35.5	61.2
Inter-segment elimination	(31.2)	(79.0)	(59.5)	(51.6)	(50.8)
Total	2,784.9	2,921.7	3,233.2	3,261.7	3,830.1
Earnings Before Interest and Tax (EBIT) by Activity					
Commercial properties' rental and related income	281.2	288.1	601.9	417.4	181.8
Residential properties' sales and related income	291.2	296.8	(355.4)	290.6	305.1
Serviced residences operations	6.3	31.9	15.7	23.1	29.3
Hotels operations	12.1	(132.2)	142.4	29.7	26.0
Property, project and other management services	18.5	22.3	11.4	9.0	8.7
Other income	0.7	(194.5)	(47.2)	(4.9)	44.7
Inter-segment elimination	3.0	(1.9)	–	–	–
Total	613.0	310.5	368.8	764.9	595.6
Net Profit/(Loss) attributable to Shareholders	212.8	(287.0)	(281.4)	280.0	105.3
B BALANCE SHEETS (\$\$ million)					
Investment Properties (completed and under development)	8,267.2	9,118.6	6,997.9	6,464.2	6,739.8
Development Properties for Sale	3,536.3	4,281.2	3,445.1	3,409.5	3,552.4
Associated & Joint Venture Companies and Partnerships	1,428.7	1,581.7	2,416.7	2,767.5	3,062.2
Fixed and Other Assets	4,400.1	4,604.1	5,509.2	3,831.4	4,204.0
Total Assets	17,632.3	19,585.6	18,368.9	16,472.6	17,558.4
Shareholders' Funds	6,784.0	7,042.4	6,005.9	6,061.2	6,077.6
Total Borrowings	7,686.9	9,059.8	8,811.5	6,777.2	7,548.3
Minority Interests and Other Liabilities	3,161.4	3,483.4	3,551.5	3,634.2	3,932.5
Total Equities & Liabilities	17,632.3	19,585.6	18,368.9	16,472.6	17,558.4
C FINANCIAL RATIOS					
Earnings per share after tax (cents)	9.5	(11.5)	(11.2)	11.1	4.2
Return on Shareholders' Funds (%)	3.5	(4.2)	(4.3)	4.6	1.7
Return on Total Assets (%)	3.3	1.0	1.4	3.9	2.6
Dividend					
Gross ordinary dividend rate (%)	2.7	2.0	3.0	5.0	4.0
Dividend cover (times)	3.9	NM	NM	2.9	1.3
Net Tangible Assets per share (\$\$)	2.71	2.80	2.37	2.40	2.40
Debt Equity Ratio (net of cash) (times)	0.77	0.92	0.87	0.72	0.75
Interest Cover (times)	2.48	0.68	0.89	3.42	3.67

Note:

- For changes in accounting policies, new and/or revised accounting standards adopted, as well as changes in the presentation of financial statements for the respective financial year under review, only the comparative figures for the previous year were restated to conform with requirements arising from the said changes or adoption.
- NM: Not Meaningful

STATUTORY ACCOUNTS

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DIRECTORS' REPORT

year ended 31 December 2003

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 2003.

Directors

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

Philip Yeo Liat Kok
Hsuan Owyang
Liew Mun Leong
Andrew Buxton (appointed on 1 June 2003)
Sir Alan Cockshaw
Richard Edward Hale (appointed on 10 February 2003)
Lim Chin Beng
Peter Seah Lim Huat
Sum Soon Lim
Jackson Peter Tai
Lucien Wong Yuen Kuai

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed under the "Share Options" section 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.

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 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
The Company		
Ordinary shares of \$1 each fully paid		
Andrew Buxton	–	50,000
Peter Seah Lim Huat	113,000	113,000
Jackson Peter Tai	50,000	50,000
Options to subscribe for ordinary shares of \$1 each exercisable between 13/06/2001 to 11/06/2005 at an exercise price of \$2.54 per share		
Philip Yeo Liat Kok	107,700	107,700
Liew Mun Leong (exercisable between 13/06/2001 to 11/06/2010)	1,077,000	1,077,000
Andrew Buxton	53,850	53,850
Sir Alan Cockshaw	204,630	204,630
Richard Edward Hale	53,850	53,850
Lim Chin Beng	140,010	140,010
Sum Soon Lim	107,700	107,700
Lucien Wong Yuen Kuai	53,850	53,850

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
The Company (cont'd)		
Options to subscribe for ordinary shares of \$1 each exercisable between 05/08/2001 to 03/08/2005 at an exercise price of \$2.51 per share		
Hsuan Owyang	100,000	100,000
Liew Mun Leong	50,000	50,000
Sum Soon Lim	80,000	80,000
Jackson Peter Tai	50,000	50,000
Options to subscribe for ordinary shares of \$1 each exercisable between 19/06/2002 to 18/06/2006 at an exercise price of \$2.50 per share		
Philip Yeo Liat Kok	150,000	150,000
Hsuan Owyang	220,000	220,000
Liew Mun Leong (exercisable between 19/06/2002 to 18/06/2011)	800,000	800,000
Andrew Buxton	40,000	40,000
Sir Alan Cockshaw	220,000	220,000
Richard Edward Hale	30,000	30,000
Lim Chin Beng	120,000	120,000
Sum Soon Lim	150,000	150,000
Jackson Peter Tai	170,000	170,000
Lucien Wong Yuen Kuai	100,000	100,000
Options to subscribe for ordinary shares of \$1 each exercisable between 11/05/2003 to 10/05/2007 at an exercise price of \$1.71 per share		
Philip Yeo Liat Kok	120,000	120,000
Hsuan Owyang	150,000	150,000
Liew Mun Leong (exercisable between 11/05/2003 to 10/05/2012)	800,000	800,000
Andrew Buxton	40,000	40,000
Sir Alan Cockshaw	100,000	100,000
Richard Edward Hale	15,000	15,000
Lim Chin Beng	90,000	90,000
Peter Seah Lim Huat	90,000	90,000
Sum Soon Lim	100,000	100,000
Jackson Peter Tai	100,000	100,000
Lucien Wong Yuen Kuai	70,000	70,000
Options to subscribe for ordinary shares of \$1 each exercisable between 01/03/2004 to 28/02/2008 at an exercise price of \$1.02 per share		
Philip Yeo Liat Kok	–	120,000
Hsuan Owyang	–	150,000
Liew Mun Leong (exercisable between 01/03/2004 to 28/02/2013)	–	800,000
Andrew Buxton	40,000	40,000
Sir Alan Cockshaw	–	110,000
Richard Edward Hale	–	126,000
Lim Chin Beng	–	120,000
Peter Seah Lim Huat	–	90,000
Sum Soon Lim	–	100,000
Jackson Peter Tai	–	90,000
Lucien Wong Yuen Kuai	–	80,000
Conditional award of performance shares to be delivered after 2004		
Liew Mun Leong (250,000 performance shares)	0 to 500,000 #	0 to 500,000 #
Conditional award of performance shares to be delivered after 2005		
Liew Mun Leong (400,000 performance shares)	–	0 to 800,000 #

DIRECTORS' REPORT

year ended 31 December 2003

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
Related Corporations		
Chartered Semiconductor Manufacturing Ltd		
Ordinary shares of \$0.26 each fully paid		
Philip Yeo Liat Kok	40,000	40,000
Sum Soon Lim	350,000	350,000
Options to subscribe for ordinary shares of \$0.26 each exercisable between 07/10/1999 to 07/10/2004 at an exercise price of \$0.94 per share		
Sum Soon Lim	16,748	16,748
Options to subscribe for ordinary shares of \$0.26 each exercisable between 07/10/1999 to 07/10/2004 at an exercise price of \$0.80 per share		
Sum Soon Lim	41,870	41,870
Options to subscribe for ordinary shares of \$0.26 each exercisable between 29/04/2000 to 29/04/2004 at an exercise price of \$2.86 per share		
Sum Soon Lim	70,331	70,331
Options to subscribe for ordinary shares of \$0.26 each exercisable between 29/10/2000 to 29/10/2004 at an exercise price of \$2.86 per share		
Sum Soon Lim	23,443	23,443
Options to subscribe for ordinary shares of \$0.26 each exercisable between 06/04/2001 to 06/04/2005 at an exercise price of \$14.24 per share		
Sum Soon Lim	93,775	93,775
Options to subscribe for ordinary shares of \$0.26 each exercisable between 03/10/2001 to 03/10/2005 at an exercise price of \$10.12 per share		
Sum Soon Lim	93,775	93,775
Options to subscribe for ordinary shares of \$0.26 each exercisable between 28/03/2002 to 28/03/2006 at an exercise price of \$4.05 per share		
Sum Soon Lim	46,887	46,887
Options to subscribe for ordinary shares of \$0.26 each exercisable between 15/08/2002 to 15/08/2006 at an exercise price of \$4.26 per share		
Sum Soon Lim	46,887	46,887
Options to subscribe for ordinary shares of \$0.26 each exercisable between 22/02/2003 to 22/02/2007 at an exercise price of \$3.46 per share		
Peter Seah Lim Huat	23,443	23,443
Sum Soon Lim	46,887	46,887
Options to subscribe for ordinary shares of \$0.26 each exercisable between 30/08/2003 to 30/08/2007 at an exercise price of \$1.86 per share		
Peter Seah Lim Huat	46,887	46,887
Sum Soon Lim	46,887	46,887
Options to subscribe for ordinary shares of \$0.26 each exercisable between 28/02/2004 to 28/02/2008 at an exercise price of \$0.72 per share		
Peter Seah Lim Huat	–	40,000
Sum Soon Lim	–	25,000

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
Related Corporations (cont'd)		
Chartered Semiconductor Manufacturing Ltd (cont'd)		
Options to subscribe for ordinary shares of \$0.26 each exercisable between 29/08/2004 to 29/08/2008 at an exercise price of \$1.10 per share		
Peter Seah Lim Huat	–	45,000
Sum Soon Lim	–	35,000
PT Indonesian Satellite Corporation Tbk		
Options to subscribe for unissued Series B common shares of Rp 500 each exercisable between 01/08/2004 to 31/07/2005 at an exercise price of Rp 7,837.20 per share		
Sum Soon Lim	–	27,000
Raffles Holdings Limited		
Ordinary shares of \$0.50 each fully paid		
Liew Mun Leong	50,000	50,000
Sir Alan Cockshaw	30,000	30,000
Richard Edward Hale	5,000	5,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 16/08/2002 to 15/08/2011 at an exercise price of \$0.50 per share		
Liew Mun Leong	100,000	100,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 16/08/2003 to 15/08/2012 at an exercise price of \$0.50 per share		
Liew Mun Leong	100,000	100,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 09/07/2004 to 08/07/2013 at an exercise price of \$0.50 per share		
Liew Mun Leong	–	100,000
SembCorp Industries Limited		
Ordinary shares of \$0.25 each fully paid		
Philip Yeo Liat Kok	475	475
Options to subscribe for ordinary shares of \$0.25 each exercisable between 27/06/2001 to 26/06/2005 at an exercise price of \$1.99 per share		
Peter Seah Lim Huat	140,000	140,000
Options to subscribe for ordinary shares of \$0.25 each exercisable between 20/04/2002 to 19/04/2006 at an exercise price of \$1.55 per share		
Richard Edward Hale	70,000	70,000
Peter Seah Lim Huat	140,000	140,000
Options to subscribe for ordinary shares of \$0.25 each exercisable between 08/05/2003 to 07/05/2007 at an exercise price of \$1.59 per share		
Richard Edward Hale	35,000	35,000
Peter Seah Lim Huat	70,000	70,000
Options to subscribe for ordinary shares of \$0.25 each exercisable between 18/10/2003 to 17/10/2007 at an exercise price of \$0.98 per share		
Richard Edward Hale	35,000	35,000
Peter Seah Lim Huat	70,000	70,000

DIRECTORS' REPORT

year ended 31 December 2003

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
Related Corporations (cont'd)		
SembCorp Industries Limited (cont'd)		
Options to subscribe for ordinary shares of \$0.25 each exercisable between 03/06/2004 to 02/06/2008 at an exercise price of \$1.14 per share		
Richard Edward Hale	–	35,000
Peter Seah Lim Huat	–	70,000
Options to subscribe for ordinary shares of \$0.25 each exercisable between 19/11/2004 to 18/11/2008 at an exercise price of \$1.29 per share		
Richard Edward Hale	–	35,000
Peter Seah Lim Huat	–	70,000
Singapore Airlines Limited		
Ordinary shares of \$0.50 each fully paid		
Richard Edward Hale	1,000	1,000
Lucien Wong Yuen Kuai	–	50,000
Singapore Food Industries Limited		
Ordinary shares of \$0.05 each fully paid		
Philip Yeo Liat Kok	50,000	50,000
Liew Mun Leong	30,000	30,000
Singapore Technologies Engineering Limited		
Ordinary shares of \$0.10 each fully paid		
Philip Yeo Liat Kok	4,000	4,000
Options to subscribe for ordinary shares of \$0.10 each exercisable between 20/02/2002 to 19/02/2006 at an exercise price of \$2.72 per share		
Lim Chin Beng	35,000	35,000
Sum Soon Lim	25,000	25,000
Lucien Wong Yuen Kuai	75,000	75,000
Options to subscribe for ordinary shares of \$0.10 each exercisable between 08/02/2003 to 07/02/2007 at an exercise price of \$2.29 per share		
Lim Chin Beng	27,000	27,000
Sum Soon Lim	19,000	19,000
Lucien Wong Yuen Kuai	59,000	59,000
Options to subscribe for ordinary shares of \$0.10 each exercisable between 13/08/2003 to 12/08/2007 at an exercise price of \$1.92 per share		
Peter Seah Lim Huat	89,000	89,000
Options to subscribe for ordinary shares of \$0.10 each exercisable between 07/02/2004 to 06/02/2008 at an exercise price of \$1.79 per share		
Lim Chin Beng	–	13,500
Peter Seah Lim Huat	–	44,500
Lucien Wong Yuen Kuai	–	23,500
Options to subscribe for ordinary shares of \$0.10 each exercisable between 12/08/2004 to 11/08/2008 at an exercise price of \$1.86 per share		
Lim Chin Beng	–	13,500
Peter Seah Lim Huat	–	40,500
Lucien Wong Yuen Kuai	–	19,500

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
Related Corporations (cont'd)		
Singapore Telecommunications Ltd		
Ordinary shares of \$0.15 each fully paid		
Philip Yeo Liat Kok	1,200	1,200
Liew Mun Leong	5,580	5,580
Lim Chin Beng	1,490	1,490
Peter Seah Lim Huat	3,420	3,420
Sum Soon Lim	3,510	3,510
Jackson Peter Tai	60,000	110,000
Lucien Wong Yuen Kuai	3,220	3,220
Options to subscribe for ordinary shares of \$0.15 each exercisable between 09/09/2003 to 09/09/2007 at an exercise price of \$1.42 per share		
Jackson Peter Tai	60,000	60,000
SMRT Corporation Ltd		
Ordinary shares of \$0.10 each fully paid		
Liew Mun Leong	4,000	4,000
SNP Corporation Limited		
Ordinary shares of \$0.50 each fully paid		
Richard Edward Hale	138,000	233,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 30/03/2001 to 31/10/2003 at an exercise price of \$1.39 per share		
Richard Edward Hale	50,000	–
Options to subscribe for ordinary shares of \$0.50 each exercisable between 30/03/2002 to 31/10/2003 at an exercise price of \$1.39 per share		
Richard Edward Hale	50,000	–
StarHub Pte Ltd		
Options to subscribe for ordinary shares of \$0.10 each exercisable between 30/11/2003 to 29/11/2007 at an exercise price of \$0.22 per share		
Lim Chin Beng	350,000	350,000
Peter Seah Lim Huat	150,000	150,000
Options to subscribe for ordinary shares of \$0.10 each exercisable between 31/05/2004 to 30/05/2008 at an exercise price of \$0.22 per share		
Lim Chin Beng	–	75,000
Peter Seah Lim Huat	–	75,000
Options to subscribe for ordinary shares of \$0.10 each exercisable between 29/11/2004 to 28/11/2008 at an exercise price of \$0.22 per share		
Lim Chin Beng	–	75,000
Peter Seah Lim Huat	–	75,000
ST Assembly Test Services Ltd		
Ordinary shares of \$0.25 each fully paid		
Philip Yeo Liat Kok	35,000	35,000
Liew Mun Leong	13,000	13,000
Sum Soon Lim	155,000	155,000
Lucien Wong Yuen Kuai	30,000	30,000

DIRECTORS' REPORT

year ended 31 December 2003

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
Related Corporations (cont'd)		
ST Assembly Test Services Ltd (cont'd)		
Options to subscribe for ordinary shares of \$0.25 each exercisable between 06/08/2004 to 05/08/2013 at an exercise price of \$1.99 per share		
Peter Seah Lim Huat	–	70,000
STT Communications Ltd		
Options to subscribe for ordinary shares of \$0.50 each exercisable between 19/09/2001 to 18/09/2005 at an exercise price of \$1.42 per share		
Sum Soon Lim	300,000	300,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 28/04/2002 to 27/04/2006 at an exercise price of \$0.92 per share		
Sum Soon Lim	35,000	35,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 24/11/2002 to 23/11/2006 at an exercise price of \$0.50 per share		
Sum Soon Lim	70,000	70,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 29/06/2003 to 28/06/2007 at an exercise price of \$0.50 per share		
Peter Seah Lim Huat (exercisable between 29/06/2003 to 28/06/2012)	8,000	8,000
Sum Soon Lim	200,000	200,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 30/07/2004 to 29/07/2008 at an exercise price of \$0.57 per share		
Peter Seah Lim Huat (exercisable between 30/07/2004 to 29/07/2013)	–	39,000
Sum Soon Lim	–	200,000
The Ascott Group Limited		
Options to subscribe for ordinary shares of \$0.20 each exercisable between 21/12/2001 to 20/12/2005 at an exercise price of \$0.37 per share		
Liew Mun Leong (exercisable between 21/12/2001 to 20/12/2010)	150,000	150,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 30/06/2002 to 29/06/2006 at an exercise price of \$0.32 per share		
Liew Mun Leong (exercisable between 30/06/2002 to 29/06/2011)	120,000	120,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 05/05/2003 to 04/05/2007 at an exercise price of \$0.353 per share		
Liew Mun Leong (exercisable between 05/05/2003 to 04/05/2012)	120,000	120,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Peter Seah Lim Huat (exercisable between 05/05/2003 to 04/05/2012)	12,000	12,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 10/05/2004 to 09/05/2008 at an exercise price of \$0.321 per share		
Liew Mun Leong (exercisable between 10/05/2004 to 09/05/2013)	–	120,000
Richard Edward Hale	–	150,000
Lim Chin Beng	–	200,000
Peter Seah Lim Huat (exercisable between 10/05/2004 to 09/05/2013)	–	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
Related Corporations (cont'd)		
Vertex Technology Fund Ltd		
Ordinary shares of US\$1 each fully paid		
Sum Soon Lim	300	300
Vertex Technology Fund (II) Ltd		
Ordinary shares of US\$1 each fully paid		
Philip Yeo Liat Kok	50	50
Liew Mun Leong	100	100
Sum Soon Lim	500	500
Redeemable preference shares of US\$0.01 each fully paid		
Philip Yeo Liat Kok	50	50
Liew Mun Leong	100	100
Sum Soon Lim	500	500

The actual number of performance shares to be delivered will depend on the achievement of set targets over a three-year period. For achievements that are below 80% of the targets, no performance shares will be given while for achievements that exceed targets by more than 100%, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.

Mr Lucien Wong Yuen Kuai's interest in the ordinary shares of \$0.50 each in Singapore Airlines Limited has changed from 50,000 as at 31 December 2003 to 60,000 as at 21 January 2004.

Save as aforesaid, there was no change in any of the above-mentioned directors' interests in the Company and related corporations between the end of the financial year and 21 January 2004.

Directors' Interests in Contracts

During the financial year, the directors' interests in contracts relate to: (i) advisory fees from related corporations received by a director of the Company in his capacity as Corporate Advisor to these companies for provision of strategic, organisational and corporate finance advisory services; and (ii) the purchase of a residential unit in one of the Group's projects in China by a director of the Company. In addition, professional fees as disclosed in the accompanying notes to the financial statements, were paid by the Group to firms in which three other directors are members.

Except as disclosed, 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 Options

(a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000

The Share Option Plan, Performance Share Plan and 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 of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members:

Mr Peter Seah Lim Huat (Chairman)
Mr Hsuan Owyang
Sir Alan Cockshaw
Mr Lim Chin Beng
Mr Jackson Peter Tai

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

DIRECTORS' REPORT

year ended 31 December 2003

Share Options (cont'd)

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

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. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance target(s). Awards are released once the Committee 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 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. 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 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 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 Committee, 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 Committee from time to time;
- Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- Executives of Parent Group (that is Singapore Technologies Group) and Executives of Associated Companies (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 Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

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 Committee 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 Restricted Stock Plan);
- Non-Executive Directors (other than Non-Executive Directors of Parent Group) who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- Executives of Associated Companies who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, 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 SGX-ST Listing Manual are not eligible to participate in all the Share Plans.

Share Options (cont'd)

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

- **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 Committee 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 Committee 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 Committee, 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 Committee 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 Committee 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.

The subscription price shall, in no event, be less than the nominal value of the Company share.

- **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 subsidiaries, Raffles Holdings Limited and The Ascott Group Limited.

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) \$	Number of Shares under Option
The Company				
Non-Executive Directors	31	01/03/2004 to 28/02/2008	1.02	1,562,000
Group Executives (including 1 Executive Director)	1,954	01/03/2004 to 28/02/2013	1.02	21,243,620
	1	25/04/2004 to 24/04/2013	1.05	305,000
	116	30/08/2004 to 29/08/2013	1.34	1,182,500
	1	23/09/2004 to 22/09/2013	1.38	100,000
Parent Group Executives	125	01/03/2004 to 28/02/2013	1.02	745,000
Total	2,228			25,138,120

DIRECTORS' REPORT

year ended 31 December 2003

Share Options (cont'd)

(b) Share Options Granted (cont'd)

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) \$	Number of Shares under Option
Raffles Holdings Limited				
Non-Executive Directors	7	09/07/2004 to 08/07/2008	0.50	490,000
Group Executives (including 1 Executive Director)	534	09/07/2004 to 08/07/2013	0.50	8,838,600
Parent Group Executives (including 3 Directors)	135	09/07/2004 to 08/07/2013	0.50	1,003,000
Associated Company Executives	1,042	09/07/2004 to 08/07/2008	0.50	1,252,200
Total	1,718			11,583,800
The Ascott Group Limited				
Non-Executive Directors	6	10/05/2004 to 09/05/2008	0.321	750,000
Group Executives (including 1 Executive Director)	265	10/05/2004 to 09/05/2013	0.321	12,901,000
Parent Group Executives	185	10/05/2004 to 09/05/2013	0.321	2,221,000
Total	456			15,872,000

Options over unissued Australand Holdings Limited ordinary shares have previously been issued to employees under the terms of the Australand Share Option Scheme. As part of the Stapling Proposal, the terms of the options were changed whereby they are now exercisable over Australand Property Group stapled securities. No options over unissued Australand Property Group stapled securities were granted during the financial year to employees and non-executive directors of Australand Property Group.

In respect of the share option plans of CapitaLand Limited, 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 at par for cash fully paid in the share capital of the following companies pursuant to the exercise of options granted:

Name of Company	Par Value (per share) \$	Exercise Price (per share) \$	Number of Shares Issued
Raffles Holdings Limited	0.50	0.50	13,000
The Ascott Group Limited	0.20	0.32 to 0.37	1,725,500
Australand Holdings Limited	NA#	A\$1.10 & A\$1.61	645,500

With effect from 1 July 1998, par value has been abolished under the Australian Company Law Review Act 1998.

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.

Share Options (cont'd)

(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) \$	Par Value (per share) \$	Number of Unissued Shares under Option
The Company					
Non-Executive Directors	22	11/06/2005	2.54	1.00	1,690,890
	7	03/08/2005	2.51	1.00	480,000
	38	18/06/2006	2.50	1.00	2,170,000
	35	10/05/2007	1.71	1.00	1,590,000
	26	28/02/2008	1.02	1.00	1,470,000
					7,400,890
Group Executives	19	07/04/2004	2.61	1.00	1,229,489
	23	12/04/2010	2.38	1.00	2,003,200
	117	11/06/2010	2.54	1.00	5,272,992
	179	03/08/2010	2.51	1.00	1,152,100
	1	23/11/2010	2.68	1.00	200,000
	1,161	18/06/2011	2.50	1.00	14,663,773
	1	02/07/2011	2.49	1.00	100,000
	1	31/12/2011	1.85	1.00	300,000
	926	10/05/2012	1.71	1.00	15,526,926
	961	28/02/2013	1.02	1.00	17,330,280
	1	24/04/2013	1.05	1.00	305,000
	54	29/08/2013	1.34	1.00	1,036,500
	1	22/09/2013	1.38	1.00	100,000
					59,220,260
Parent Group Executives and others	2	11/06/2005	2.54	1.00	107,700
	55	11/06/2010	2.54	1.00	502,959
	100	10/05/2012	1.71	1.00	626,000
	83	28/02/2013	1.02	1.00	561,000
					1,797,659
Total					68,418,809

The aggregate number of options granted since the commencement of the Company's 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
Directors of the Company					
Philip Yeo Liat Kok	120,000	497,700	–	–	497,700
Hsuan Owyang	150,000	620,000	–	–	620,000
Liew Mun Leong	800,000	3,527,000	–	–	3,527,000
Andrew Buxton	40,000	173,850	–	–	173,850
Sir Alan Cockshaw	110,000	634,630	–	–	634,630
Richard Edward Hale	126,000	224,850	–	–	224,850
Lim Chin Beng	120,000	470,010	–	–	470,010
Peter Seah Lim Huat	90,000	180,000	–	–	180,000
Sum Soon Lim	100,000	537,700	–	–	537,700
Jackson Peter Tai	90,000	410,000	–	–	410,000
Lucien Wong Yuen Kuai	80,000	303,850	–	–	303,850
	1,826,000	7,579,590	–	–	7,579,590

DIRECTORS' REPORT

year ended 31 December 2003

Share Options (cont'd)

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

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
Non-Executive Directors (including former directors of the Company)	536,000	3,923,000	–	(574,700)	3,348,300
Group Executives (excluding Liew Mun Leong)	22,031,120	80,431,670	–	(24,738,410)	55,693,260
Parent Group Executives and others	745,000	2,585,309	–	(787,650)	1,797,659
Total	25,138,120	94,519,569	–	(26,100,760)	68,418,809

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) \$	Par Value (per share) \$	Number of Unissued Shares under Option
Raffles Holdings Limited					
Non-Executive Directors	5	15/08/2006	0.50	0.50	350,000
	5	15/08/2007	0.50	0.50	360,000
	7	08/07/2008	0.50	0.50	490,000
					1,200,000
Group Executives	170	15/08/2011	0.50	0.50	4,913,000
	419	15/08/2012	0.50	0.50	8,730,200
	381	08/07/2013	0.50	0.50	8,369,600
					22,012,800
Parent Group Executives	62	15/08/2011	0.50	0.50	973,500
	77	15/08/2012	0.50	0.50	730,000
	118	08/07/2013	0.50	0.50	1,003,000
	1	15/08/2011	0.50	0.50	50,000
	1	15/08/2012	0.50	0.50	70,000
					2,826,500
Associated Company Executives	280	15/08/2006	0.50	0.50	802,900
	854	15/08/2007	0.50	0.50	1,217,600
	913	08/07/2008	0.50	0.50	1,165,400
					3,185,900
Total					29,225,200

Share Options (cont'd)

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

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Par Value (per share) \$	Number of Unissued Shares under Option
The Ascott Group Limited					
Non-Executive Directors	9	20/12/2005	0.370	0.20	1,050,000
	9	29/06/2006	0.320	0.20	1,050,000
	6	04/05/2007	0.353	0.20	700,000
	6	09/05/2008	0.321	0.20	750,000
					3,550,000
Group Executives and Parent Group Executives	282	20/12/2010	0.370	0.20	10,265,000
	444	29/06/2011	0.320	0.20	11,411,000
	468	04/05/2012	0.353	0.20	12,889,000
	427	09/05/2013	0.321	0.20	14,274,000
					48,839,000
Total					52,389,000
Australand Property Group					
Directors	5	13/03/2011	A\$1.58	NA#	575,000
Employees	77	13/03/2011	A\$1.58	NA#	2,430,000
Total					3,005,000

With effect from 1 July 1998, par value has been abolished under the Australian Company Law Review Act 1998.

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.

(e) Awards under CapitaLand, Ascott and Raffles Performance Share Plans

During the financial year, the respective Executive Resource and Compensation Committees ("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. The performance shares will only be released to the recipient at the end of the qualifying period. The final number of performance shares given will depend on the level of achievement of those targets over the three-year performance period. A specified number of performance shares shall be released by the ERCC to the recipient at the end of the performance period, provided the minimum level of targets achieved is not less than 80% of targets set.

Recipients who do not meet at least 80% of the targets set at the end of the performance period will not be given any performance shares. On the other hand, if targets set are exceeded by more than 100%, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.

During the year, there were the following number of performance shares conditionally granted as well as the number of performance shares lapsed or cancelled:

	Performance shares conditionally granted during the year		Performance shares lapsed or cancelled during the year	
	Number of Holders	Number of performance shares	Number of Holders	Number of performance shares
The Company	15	2,160,000	5	290,000
Raffles Holdings Limited	3	1,200,000	1	800,000
The Ascott Group Limited	4	1,400,000	–	–

DIRECTORS' REPORT

year ended 31 December 2003

Share Options (cont'd)

(e) Awards under CapitaLand, Ascott and Raffles Performance Share Plans (cont'd)

As at 31 December 2003, the conditional awards of performance shares granted were as follows:

Award Granted	Number of Holders	Performance Period	Number of performance shares conditionally awarded	Number of performance shares to be delivered after performance period
The Company				
2002 award	23	2002 to 2004	1,490,000	0 to 2,980,000
2003 award	15	2003 to 2005	2,160,000	0 to 4,320,000
			3,650,000	0 to 7,300,000
Raffles Holdings Limited				
2002 award	4	2002 to 2004	1,500,000	0 to 3,000,000
2003 award	3	2003 to 2005	1,200,000	0 to 2,400,000
			2,700,000	0 to 5,400,000
The Ascott Group Limited				
2002 award	4	2002 to 2004	1,800,000	0 to 3,600,000
2003 award	4	2003 to 2005	1,400,000	0 to 2,800,000
			3,200,000	0 to 6,400,000

To-date, no release of performance shares has been made as the three-year performance cycle of the first grant will end in 2004 and any release of performance shares will be in 2005.

The maximum number of performance shares which could be delivered, 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 company on the day preceding the relevant date of grant.

(f) Awards under CapitaLand, Ascott and Raffles Restricted Share Plans

As at 31 December 2003, no award has been granted since the inception of the restricted share 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 Sum Soon Lim and Mr Lucien Wong Yuen Kuai.

The Audit Committee performs the functions specified by Section 201B of the Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange, 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 Singapore Exchange;
- the appropriateness of quarterly and full year announcements and reports;
- 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;

Audit Committee (cont'd)

- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested persons transactions; and
- the findings of internal investigation, if any.

The Audit Committee met four times in 2003. Specific functions performed during the year include 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 their 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 Singapore Exchange Listing Manual, reviewed the requirements for approval and disclosure of interested persons transactions, reviewed the procedures set up by the Group and the Company to identify and report and where necessary, seek approval for interested persons transactions and, with the assistance of the internal auditors, reviewed interested persons transactions.

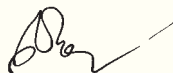
During the year too, the Audit Committee approved a new policy on engagement of KPMG, the Company's external auditors, for the provision of non-audit services. In line with the Public Accountants Board's Auditors Independence Rules, the policy sets out the types of allowable non-audit services that can be rendered by the external auditors, procedures to monitor and aggregate the fees for non-audit services rendered by KPMG and its member firms, as well as the requirement for the Audit Committee to review with the Company's external auditors their independence should the aggregated non-audit fees exceed 50% of their total audit fees. In this connection, the Audit Committee 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



PHILIP YEO LIAT KOK
Director



LIEW MUN LEONG
Director

Singapore
27 February 2004

STATEMENT BY DIRECTORS

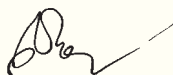
year ended 31 December 2003

In our opinion:

- (a) the financial statements set out on pages 92 to 151 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 2003 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; 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



PHILIP YEO LIAT KOK
Director



LIEW MUN LEONG
Director

Singapore
27 February 2004

REPORT OF THE AUDITORS

to the Members of CapitaLand Limited

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2003 as set out on pages 92 to 151. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2003 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records (excluding registers) 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.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, and also considered the financial statements of those subsidiaries which are not required by the laws of their countries of incorporation to be audited, being financial statements that have been included in the consolidated financial statements of the Group. The names of these subsidiaries are stated in note 46 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.



KPMG

Certified Public Accountants

Singapore

27 February 2004

BALANCE SHEETS

as at 31 December 2003

	Note	The Group 2003 \$'000	2002* \$'000	The Company 2003 \$'000	2002* \$'000
Non-Current Assets					
Property, Plant and Equipment	3	1,318,015	1,400,191	1,487	2,339
Intangible Assets	4	36,141	32,109	-	-
Investment Properties	5	6,583,170	6,295,801	-	-
Properties Under Development	6	156,635	168,448	-	-
Interests in Subsidiaries	7	-	-	7,430,563	7,429,451
Interests in Associated Companies	8	1,741,210	1,630,856	-	-
Interests in Joint Venture Companies	9	1,269,743	1,081,027	-	-
Interests in Partnerships	10	51,241	55,618	-	-
Financial Assets	11	193,061	176,354	-	-
Deferred Tax Assets	37	16,797	29,587	-	-
Other Non-Current Assets	12	37,771	28,188	228	1,611
		11,403,784	10,898,179	7,432,278	7,433,401
Current Assets					
Development Properties for Sale	13	3,552,375	3,409,528	-	-
Consumable Stock		14,752	14,168	-	-
Trade and Other Receivables	14	952,587	893,961	624,290	576,119
Financial Assets	11	158,416	169,707	-	7,810
Cash and Cash Equivalents	19	1,476,486	1,087,055	492,719	342,085
		6,154,616	5,574,419	1,117,009	926,014
Less: Current Liabilities					
Bank Overdrafts	19	720	3,410	-	-
Trade and Other Payables	20	1,361,502	1,168,775	69,787	57,786
Short Term Loans	27	1,051,868	1,232,869	366,729	282,660
Current Portion of Term Loans	28	510,873	713,798	57,800	43,963
Current Portion of Debt Securities	29	1,129,061	1,281,916	551,500	331,000
Provision for Taxation		196,505	173,656	-	-
		4,250,529	4,574,424	1,045,816	715,409
Net Current Assets		1,904,087	999,995	71,193	210,605
Less: Non-Current Liabilities					
Term Loans	28	3,399,964	1,744,327	212,850	232,690
Debt Securities	29	1,455,848	1,800,918	678,710	891,993
Deferred Tax Liabilities	37	94,072	115,086	4,244	7,426
Deferred Income	30	22,965	7,928	-	-
Other Non-Current Liabilities	25	273,415	272,888	1,712,801	1,549,240
		5,246,264	3,941,147	2,608,605	2,681,349
		8,061,607	7,957,027	4,894,866	4,962,657
Representing:					
Share Capital	32	2,517,350	2,517,350	2,517,350	2,517,350
Reserves	33	3,560,229	3,543,872	2,377,516	2,445,307
Share Capital and Reserves		6,077,579	6,061,222	4,894,866	4,962,657
Minority Interests	34	1,984,028	1,895,805	-	-
		8,061,607	7,957,027	4,894,866	4,962,657

* Please refer to note 51

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

PROFIT AND LOSS ACCOUNTS

year ended 31 December 2003

	Note	The Group 2003 \$'000	2002* \$'000	The Company 2003 \$'000	2002 \$'000
Revenue	35	3,830,086	3,261,679	111,785	126,750
Cost of sales	36(c) (i)	(2,800,906)	(2,278,559)	–	(19)
Gross profit		1,029,180	983,120	111,785	126,731
Other operating income	36(a)	236,233	270,855	62,088	82,443
Administrative expenses	36(c) (ii)	(554,489)	(462,761)	(26,971)	(27,175)
Other operating expenses	36(c) (iii)	(173,231)	(104,746)	(6,307)	(12,179)
Profit from operations		537,693	686,468	140,595	169,820
Finance costs	36(f)	(240,767)	(283,981)	(102,892)	(108,598)
Share of results of:					
– associated companies		84,022	58,034	–	–
– joint venture companies		(18,806)	20,461	–	–
– partnerships		(7,318)	(6)	–	–
		57,898	78,489	–	–
Profit before taxation	36	354,824	480,976	37,703	61,222
Taxation	37	(150,292)	(86,721)	(7,317)	(18,623)
Profit after taxation		204,532	394,255	30,386	42,599
Minority interests		(99,278)	(114,292)	–	–
Net profit attributable to shareholders		105,254	279,963	30,386	42,599
Basic earnings per share (cents)	38	4.2	11.1		
Fully diluted earnings per share (cents)	38	4.2	11.1		

* Please refer to note 51

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

STATEMENTS OF CHANGES IN EQUITY

year ended 31 December 2003

	The Group		The Company	
	2003 \$'000	2002* \$'000	2003 \$'000	2002 \$'000
Share capital				
At 1 January and 31 December	2,517,350	2,517,350	2,517,350	2,517,350
Share premium				
At 1 January and 31 December	3,429,376	3,429,376	2,161,144	2,161,144
Capital reserve				
At 1 January, as previously reported	121,093	94,173	30,381	-
Effect of adopting INT FRS-19	(15)	(15)	-	-
At 1 January, restated	121,078	94,158	30,381	-
Transfer to revenue reserves	(19,275)	(3,457)	-	-
Convertible bonds	-	30,381	-	30,381
Others	31	(4)	-	-
At 31 December	101,834	121,078	30,381	30,381
Capital redemption reserve				
At 1 January	3,867	3,867	313	313
Transfer from revenue reserves on redemption of redeemable preference shares by subsidiaries and joint venture companies	41	-	-	-
At 31 December	3,908	3,867	313	313
Revaluation reserve				
At 1 January, as previously reported	41,233	340,503	-	-
Effect of change in accounting policy	41,450	35,955	-	-
At 1 January, restated	82,683	376,458	-	-
Net deficit on revaluation of investment properties/ properties under development	(92,123)	(272,968)	-	-
Realised revaluation reserve transferred to profit and loss account	(13,434)	(129,408)	-	-
Revaluation surplus on an investment property reclassified from property, plant and equipment held by an associated company	-	110,939	-	-
Share of associated and joint venture companies' revaluation deficit	(49,068)	(81,288)	-	-
Net deficit on revaluation of investment properties/properties under development charged to profit and loss account	161,781	78,950	-	-
At 31 December	89,839	82,683	-	-
Foreign currency translation reserve				
At 1 January, as previously reported	(287)	(12,313)	-	-
Effect of change in accounting policy	(192)	332	-	-
Effect of adopting INT FRS-19	(22,712)	(22,947)	-	-
At 1 January, restated	(23,191)	(34,928)	-	-
Exchange differences arising on				
- consolidation of foreign entities and translation of foreign currency loans	40,648	4,844	-	-
- transfer to profit and loss account on dilution/disposal of subsidiaries and associated companies	(8,593)	6,893	-	-
At 31 December	8,864	(23,191)	-	-

		The Group		The Company	
	Note	2003 \$'000	2002* \$'000	2003 \$'000	2002 \$'000
Reserve on consolidation					
At 1 January, as previously reported		17,502	6,528	-	-
Effect of change in accounting policy		(2,147)	(2,147)	-	-
At 1 January, restated		15,355	4,381	-	-
Transfer to profit and loss account on disposal of subsidiaries/ discontinuance of business		(27,636)	10,974	-	-
At 31 December		(12,281)	15,355	-	-
Accumulated (losses)/profits					
At 1 January, as previously reported		(140,924)	(373,555)	253,469	269,776
Effect of change in accounting policy		35,208	46,115	-	-
Effect of adopting INT FRS-19		20,420	19,718	-	-
At 1 January, restated		(85,296)	(307,722)	253,469	269,776
Net profit for the year, restated	39	105,254	279,963	30,386	42,599
Dividends	40	(98,177)	(58,906)	(98,177)	(58,906)
Disposal/Dilution of interest in subsidiary		(2,326)	(2,088)	-	-
Transfer from capital reserve		19,275	3,457	-	-
Transfer to capital redemption reserve		(41)	-	-	-
At 31 December		(61,311)	(85,296)	185,678	253,469
Total capital and reserves		6,077,579	6,061,222	4,894,866	4,962,657

* Please refer to note 51

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

CONSOLIDATED STATEMENT OF CASH FLOWS

year ended 31 December 2003

	2003 \$'000	2002* \$'000
Operating activities		
Profit from ordinary activities before taxation	354,824	480,976
Adjustments for:		
(Write back)/Amortisation of:		
– intangible assets	(4,653)	(8,274)
– leasehold investment property	124	125
Allowance/(Write back) for:		
– foreseeable losses on development properties for sale	28,394	(4,907)
– loans to associated, joint venture, investee companies and partnerships	(522)	(497)
– non-current portion of financial assets	(886)	9,759
Depreciation of property, plant and equipment	91,083	91,739
Impairment/(Write back) of property, plant and equipment	853	(8,281)
Write down in value of investment properties and properties under development	152,142	79,196
Interest expense	240,767	283,981
Interest income	(72,868)	(48,217)
(Gain)/Loss on disposal/Write off of property, plant and equipment	(1,048)	1,704
Gain on disposal of investment properties	(6,139)	(7,110)
Gain on disposal/dilution of subsidiaries and associated companies	(67,355)	(170,254)
Gain on disposal of non-current financial assets	(436)	–
Transfer of reserve on consolidation to the profit and loss account arising from cessation of business of subsidiaries	(29,051)	–
Non-current employee benefits	2,909	2,551
Share of results of associated companies, joint venture companies and partnerships	(57,898)	(78,489)
Accretion of deferred income	(4,184)	(4,678)
	271,232	138,348
Operating profit before working capital changes	626,056	619,324
(Increase)/Decrease in working capital:		
Inventories, trade and other receivables	(143,857)	40,693
Development properties for sale	218,151	93,158
Trade and other payables	198,128	(56,754)
Amount due from related corporations	455	(510)
Financial assets	11,291	(89,432)
Changes in working capital	284,168	(12,845)
Cash generated from operations	910,224	606,479
Income tax paid	(114,003)	(109,555)
Customer deposits and other non-current payables refunded	(19,162)	14,651
Proceeds from sales of future receivables	33,509	169,604
Net cash generated from operating activities carried forward	810,568	681,179

	Note	2003 \$'000	2002* \$'000
Net cash generated from operating activities brought forward		810,568	681,179
Investing activities			
Proceeds from disposal of property, plant and equipment		39,527	19,950
Purchase of property, plant and equipment		(53,130)	(88,776)
(Increase)/Decrease in associated companies, joint venture companies and partnerships		(368,829)	80,057
Acquisition of investment properties and property under development		(132,805)	(81,794)
(Increase)/Decrease in amounts owing by investee companies and other non-current receivables		(30,146)	23
Dividends received from associated companies, joint venture companies and partnerships		69,473	41,033
Proceeds from disposal of investment properties and properties under development		37,926	20,149
Proceeds from disposal of non-current financial assets		4,576	14,291
Acquisition of remaining interest in a subsidiary		(53,150)	–
Disposal of subsidiaries (net)	41	60,894	409,886
Interest income received		63,823	19,084
Net cash (used in)/generated from investing activities		(361,841)	433,903
Financing activities			
Interest expense paid		(292,961)	(338,390)
(Repayment of)/Proceeds from loans from related corporations		(26,647)	3,825
(Repayment of)/Proceeds from loans from minority shareholders		(69,739)	20,133
Contribution from minority shareholders		134,425	61,568
Proceeds from term loans		2,297,910	1,185,729
Repayment of term loans		(1,473,379)	(2,030,074)
Proceeds from debt securities		794,334	813,317
Repayment of debt securities		(1,271,750)	(1,496,049)
Dividends paid to minority shareholders		(61,185)	(113,979)
Dividends paid to shareholders		(98,177)	(58,906)
Net cash used in financing activities		(67,169)	(1,952,826)
Net increase/(decrease) in Cash and Cash Equivalents		381,558	(837,744)
Cash and Cash Equivalents at beginning of year		1,083,645	1,909,363
Effect of Exchange Rate Changes on Cash Balances Held in Foreign Currencies		10,563	12,026
Cash and Cash Equivalents at end of year	19	1,475,766	1,083,645

* Please refer to note 51

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

NOTES TO THE FINANCIAL STATEMENTS

year ended 31 December 2003

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 27 February 2004.

1. Domicile and Activities

CapitaLand Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 168, Robinson Road, #30-01, Capital Tower, Singapore 068912.

The principal activities of the Company during the financial year are those relating to investment holding and consultancy services as well as the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant subsidiaries are set out in note 46 to the accompanying financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associated companies, joint ventures and partnerships.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard (SAS). There is no effect on the financial statements due to the transition from SAS to FRS.

The financial statements, which are expressed in Singapore dollars, are prepared on the historical cost basis except that investment properties are stated at valuation and certain investments in securities are stated at market value.

The financial statement have been prepared in compliance with the same accounting policies and methods of computation adopted in the financial statement of the last financial year, except where new/revised accounting standards and changes in accounting policies became effective for 2003 as detailed in note 39.

(b) Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "measurement currency"). The consolidated financial statements and the financial statements of the Company are presented in Singapore dollars, which is the measurement currency of the Company.

(c) Basis of consolidation

- (i) A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. All significant inter-company transactions are eliminated on consolidation.
- (ii) For acquisition of subsidiaries which meet the criteria for merger relief under Section 69B of the Companies Act, Chapter 50 and Singapore Financial Reporting Standard No. 22 "Business Combinations", the assets, liabilities and results are accounted for under the pooling of interests method. In the year of the merger, the prior year comparative figures of the Group are restated as if the companies acquired have always been members of the Group.

For acquisition of subsidiaries which are accounted for under the purchase method, fair values are assigned to the assets, principally investment properties, land and buildings, owned by the subsidiaries at the date of acquisition as determined by the directors based on independent professional valuations. Any excess or deficiency of the purchase consideration over the fair values assigned to the net assets acquired is accounted for as goodwill or negative goodwill under Note 2(f) "Intangible Assets" below.

- (iii) The results of subsidiaries acquired and disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal respectively.
- (iv) Where necessary, accounting policies for subsidiaries have been changed to be consistent with the policies adopted by the Group.

2. Summary of Significant Accounting Policies (cont'd)

(d) Foreign currencies

(i) Foreign currency transactions

Monetary assets and liabilities in foreign currencies, except for foreign currency liabilities hedged by forward exchange contracts, are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Foreign currency assets and liabilities hedged by forward exchange contracts are translated into Singapore dollars at the contracted forward exchange rates. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account, except:

- Where foreign currency loans provide an effective hedge against the net investment in foreign entities, exchange differences arising on the loans are recognised directly in equity until disposal of the investment.
- Where monetary items in substance form part of the Group's net investment in the foreign entities, exchange differences arising on such monetary items are recognised directly in equity until disposal of the investment.

(ii) Foreign entities

The assets and liabilities of foreign entities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign entities are translated at the average exchange rates for the year. Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates. Exchange differences arising on translation are recognised directly in equity. On disposal, the accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

(e) Property, plant and equipment

(i) Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation

Depreciation is provided on the straight-line basis so as to write off the costs over their estimated useful lives as follows:

Hospitality leasehold land and buildings	-	lower of remaining business operation licence tenure or land lease
Other leasehold land and buildings	-	period of land lease
Freehold buildings	-	20 to 50 years
Hospitality plant, machinery, improvement, furniture, fittings and equipment	-	1 to 15 years
Other plant, machinery and improvements	-	3 to 10 years
Other furniture, fittings and equipment	-	2 to 5 years
Motor vehicles	-	5 years

Assets under construction are stated at cost. Expenditure relating to assets under construction (including interest expenses) are capitalised when incurred. Depreciation will commence when the development is completed.

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year ended 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(f) Intangible assets

(i) Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of associated companies and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the associated or joint venture companies. Goodwill is amortised and charged to the profit and loss account on a straight-line basis from the date of initial recognition over its estimated useful life of not more than 20 years.

Goodwill on acquisitions of subsidiaries, associated and joint venture companies that occurred prior to 1 January 2001 was written off against reserves and has not been retroactively capitalised and amortised.

In arriving at the gain or loss on disposal of an entity, the unamortised balance of goodwill relating to the entity disposed of, or for acquisitions prior to 1 January 2001, the goodwill written off against reserves, is included as part of the cost of the investment.

(ii) Negative goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

In respect of associated and joint venture companies, the carrying amount of negative goodwill is included in the carrying amount of the investment in the associated or joint venture companies.

(g) Investment properties and investment properties under development

(i) Investment properties

Investment properties, which are not held with the intention of sale in the ordinary course of business, are stated at valuation on an open market basis. Valuation is made by the directors on an annual basis based on internal valuation or independent professional valuation. Independent professional valuation is made at least once every 3 years.

The net surplus or deficit on revaluation is taken to revaluation reserve except when the total of the reserve is not sufficient to cover a deficit on an aggregate basis within the same geographical segment, in which case the amount by which the deficit exceeds the amount in the revaluation reserve is charged to the profit and loss account.

Surplus on revaluation is released to the profit and loss account upon the sale of investment properties.

The value of investment properties with remaining lease period of 20 years or less are amortised over their remaining leasehold lives.

(ii) Major retrofitting or redevelopment

Investment properties under or awaiting major retrofitting or redevelopment are stated at valuation immediately prior to the commencement of retrofitting or redevelopment. Major retrofitting or redevelopment expenditure is stated at cost less impairment losses.

Upon completion of major retrofitting or redevelopment, the carrying amounts are stated at valuation on the basis stated in 2(g)(i) above.

An impairment loss is recognised in the same way as a revaluation decrease.

2. Summary of Significant Accounting Policies (cont'd)

(g) Investment properties and investment properties under development (cont'd)

(iii) Properties under development

Properties under development are stated at specifically identified cost less impairment losses. Cost of property under development includes borrowing costs and other related expenditure which are capitalised as and when activities that are necessary to get the asset ready for its intended use are in progress. An impairment loss is recognised in the same way as a revaluation decrease.

Upon completion of the development, the amount is reclassified to investment properties. This will be stated at valuation on the basis stated in 2(g)(i) above.

(h) Subsidiaries

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

(i) Associated and joint venture companies

(i) An associated company is a company in which the Group has significant influence, but not control in the financial and operating policy decisions.

(ii) A joint venture company is an enterprise over whose activities the Group has joint control established by contractual agreement.

(iii) In the Company's balance sheet, investments in associated and joint venture companies are stated at cost less impairment losses. The results of the associated and joint venture companies are included in the Company's profit and loss account to the extent of dividends received and receivable, provided the Company's right to receive the dividend is established before the balance sheet date.

(iv) Investments in associated and joint venture companies accounted for in the consolidated financial statements under the equity method from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(v) The difference between the cost of acquisition and the Group's share of the fair value of the net assets of associated and joint venture companies at the date of acquisition is accounted for as goodwill or negative goodwill under Note 2(f) "Intangible Assets".

(vi) The Group's share of the post-acquisition results of the associated and joint venture companies included in the consolidated profit and loss account using the most recent available audited financial statements. Where the audited financial statements are not available, the Group's share is based on the unaudited financial statements. Any differences between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted for in the following year.

The Group's share of the post-acquisition retained profits and reserves of the associated and joint venture companies is included in the consolidated balance sheet under interests in associated and joint venture companies respectively.

(vii) On disposal of an associated or a joint venture company, any attributable amount of purchased goodwill not previously amortised or credited through the profit and loss account in respect of an acquisition prior to 1 January 2002 is included in the calculation of the profit and loss on disposal.

(j) Joint venture operations

A joint venture operation is a contractual agreement whereby the Group and other parties undertake economic activities which are subject to a joint contract. The proportionate consolidation accounting method is used for joint venture operations whereby the Group's share of each of the assets, liabilities, income and expense is combined on a line-by-line basis with similar items in the Group financial statements.

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year ended 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(k) Partnerships

- (i) A partnership is one where the Group has an interest and a share in the profit or loss and the net assets of the partnership.
- (ii) In the Company's balance sheet, investments in partnerships are stated at cost less impairment losses.
- (iii) Investments in partnerships are accounted for in the consolidated financial statements under the equity method.
- (iv) The Group's share of the post-acquisition results of the partnership is included in the consolidated profit and loss account using the most recent available audited financial statements. Where the audited financial statements are not available, the Group's share is based on the unaudited financial statements. Any differences between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted for in the following year.

The Group's share of the post-acquisition retained profits and reserves of the partnership is included in the consolidated balance sheet under interests in partnerships.

(l) Financial assets

- (i) Debt and equity securities held for the long term are stated at cost less allowance for diminution in value which are other than temporary as determined by the directors for each debt and equity security individually. Any such allowances are recognised as an expense in the profit and loss account.
- (ii) Debt and equity securities held for the short term are classified as current assets, and are stated at the lower of cost and market value determined on a portfolio basis. Cost is determined on the weighted average basis. Any increases or decreases in carrying amount are included in the profit and loss account.
- (iii) Profits or losses on disposal of financial assets are determined as the difference between the net disposal proceeds and the carrying amount of the financial assets and are accounted for in the profit and loss account as they arise.

(m) Development properties for sale

Development properties for sale are stated at the lower of cost plus, where appropriate, a portion of the attributable profit, and estimated net realisable value, net of progress billings. Cost of development properties include interest and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for their intended use are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

(n) Consumable stock

Consumable stock comprises principally food and beverages, maintenance supplies and spare parts. They are stated at lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the stock to its present location and condition. Allowance is made where necessary for obsolete, slow-moving and defective stock.

(o) Impairment

The carrying amounts of the Group's assets, other than development properties for sale and consumable stocks, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of land and buildings or investment property carried at revalued amount is recognised in the same way as a revaluation decrease. All other impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. Summary of Significant Accounting Policies (cont'd)

(o) Impairment (cont'd)

(ii) Reversal of impairment loss

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. A reversal of an impairment loss in respect of land and buildings or investment property carried at revalued amount is recognised in the same way as a revaluation increase. All other reversals of impairment are recognised in the profit and loss account.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

(p) Employee benefits

(i) Short term employee benefits

All short term employee benefits, including accumulated compensated absences, are recognised in the profit and loss account in the period in which the employees render their services to the Company.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the profit and loss account as incurred.

(iii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within twelve months of balance sheet date are accrued in respect of all employees at present values of future amounts expected to be paid based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using interest rates on relevant government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iv) Equity compensation benefits

The stock option programme allows Group employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(v) Performance shares

Under the Performance Share Plan, the Company's shares can be awarded to certain employees and directors of the Group. An initial estimate would be made for the cost of compensation based on the number of shares expected to be awarded at the end of the performance period, valued at market price at the date of grant of the award. The cost is charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance criteria relate. At each reporting date, the compensation cost is re-measured based on the latest estimate of the number of shares that will be awarded considering the performance criteria and the market price of the shares at the reporting date. Any increase or decrease in compensation costs over the previous estimate is recorded in that reporting period. The final measure of compensation cost is based on the number of shares ultimately awarded and the market price at the date the performance criteria are met.

(q) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(r) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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.

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year ended 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(r) Deferred tax (cont'd)

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

(i) Rental income

Rental income is recognised on an accrual basis.

(ii) Development properties for sale

The Group recognises income on property development projects using the percentage of completion method. Profit is brought into the financial statements only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of the construction work is measured by the proportion of the construction costs incurred to date to the estimated total construction costs for each project.

(iii) Technical consultancy and management fee

Technical consultancy and management fee is recognised in the profit and loss account as and when services are rendered.

(iv) Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised on an accrual basis.

(vi) Club memberships

Entrance fees from club memberships are recognised in the profit and loss account when the amounts are due to be received. 50% of the entrance fees is set aside and included in deferred income. Deferred income is amortised over the remaining membership period.

(t) Borrowing costs

(i) Borrowing costs are expensed in the profit and loss account in the period in which they are incurred, 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 get ready for its intended use or sale.

(ii) The interest on borrowings capitalised is arrived at by reference to the actual rate of interest on borrowings for development purposes and, with regard to that part of the development cost financed out of general funds, at the average rate of interest.

(u) Operating leases

Rental payable under operating leases are accounted for in the profit and loss account on a straight-line basis over the periods of the respective leases.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segments), 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 and the Group's internal reporting structure. The primary format, business segments, is based on the Group's principal activities.

2. Summary of Significant Accounting Policies (cont'd)

(w) Segment reporting (cont'd)

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-generating assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(x) Derivatives and Hedging

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans.

For purchased interest rate options, the premium paid are included in the balance sheet under other receivables or other payables. The premiums are amortised to interest income or expense over the life of the agreement.

3. Property, Plant and Equipment

The Group	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'000	Leasehold hotel buildings \$'000	Other leasehold buildings \$'000	Assets under construction \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
At cost/valuation										
At 1 January 2003, as previously reported	299,212	603,654	279,927	231,245	330,907	18,898	212,565	8,950	530,454	2,515,812
Effect of change in accounting policy	-	(22,984)	(173,173)	-	(292,566)	-	(17,667)	-	(8,922)	(515,312)
Effect of adopting INT FRS-19	-	-	-	-	29	-	8	-	5	42
At 1 January 2003, restated	299,212	580,670	106,754	231,245	38,370	18,898	194,906	8,950	521,537	2,000,542
Translation difference	18,053	51,626	(1,008)	6,705	(1,873)	101	8,700	197	15,796	98,297
Additions	-	3,835	-	748	1,021	1,344	19,549	195	26,438	53,130
Assets of subsidiaries disposed	(99,526)	(22,231)	-	-	-	(504)	(25,199)	-	(14,259)	(161,719)
Disposals	-	(1,381)	-	-	(2,234)	(157)	(9,157)	(350)	(14,059)	(27,338)
Written off	-	-	-	-	-	(358)	(240)	-	(11,199)	(11,797)
Reclassification	-	(73,457)	-	58,290	-	(5,626)	24,078	(167)	(3,118)	-
Transfer to investment properties and properties under development	-	-	(1,271)	(1,449)	-	-	(1,405)	-	-	(4,125)
At 31 December 2003	217,739	539,062	104,475	295,539	35,284	13,698	211,232	8,825	521,136	1,946,990
Depreciation and impairment losses										
At 1 January 2003 as previously reported	-	50,039	17,336	67,954	101,679	-	131,439	6,109	333,243	707,799
Effect of change in accounting policy	-	(6,726)	(9,717)	-	(69,065)	-	(16,098)	-	(5,855)	(107,461)
Effect of adopting INT FRS-19	-	-	-	-	4	-	6	-	3	13
At 1 January 2003, restated	-	43,313	7,619	67,954	32,618	-	115,347	6,109	327,391	600,351
Translation difference	-	3,917	21	258	(239)	-	2,876	50	6,756	13,639
Depreciation charge for the year	-	16,413	1,003	4,270	843	-	16,525	1,063	50,966	91,083
Impairment loss	-	853	-	-	-	-	-	-	-	853
Assets of subsidiaries disposed	-	(6,324)	-	(3,241)	-	-	(20,182)	-	(12,577)	(42,324)
Disposals	-	(551)	-	-	(461)	-	(9,108)	(324)	(12,205)	(22,649)
Written off	-	-	-	-	-	-	(233)	-	(10,138)	(10,371)
Reclassification	-	(13,567)	-	9,412	-	-	9,590	(14)	(5,421)	-
Transfer to investment properties and properties under development	-	-	(169)	(192)	-	-	(1,246)	-	-	(1,607)
At 31 December 2003	-	44,054	8,474	78,461	32,761	-	113,569	6,884	344,772	628,975
Depreciation charge for 2002	-	9,392	999	4,111	3,988	-	17,329	1,376	54,544	91,739
Carrying amount										
At 31 December 2003	217,739	495,008	96,001	217,078	2,523	13,698	97,663	1,941	176,364	1,318,015
At 31 December 2002	299,212	537,357	99,135	163,291	5,752	18,898	79,559	2,841	194,146	1,400,191

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year ended 31 December 2003

3. Property, Plant and Equipment (cont'd)

At 31 December 2003, certain property, plant and equipment with carrying value totalling approximately \$618.2 million (2002: \$507.0 million) were mortgaged to banks to secure credit facilities for the Group (notes 27 and 28).

	Plant machinery and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
The Company				
Cost				
At 1 January 2003	3,157	7,526	526	11,209
Additions	–	296	–	296
Disposals	–	(505)	–	(505)
Written off	–	(3,898)	–	(3,898)
At 31 December 2003	3,157	3,419	526	7,102
Depreciation and impairment losses				
At 1 January 2003	2,465	6,152	253	8,870
Depreciation charge for the year	565	449	105	1,119
Disposals	–	(477)	–	(477)
Written off	–	(3,897)	–	(3,897)
At 31 December 2003	3,030	2,227	358	5,615
Depreciation charge for 2002	1,019	275	105	1,399
Carrying amount				
At 31 December 2003	127	1,192	168	1,487
At 31 December 2002	692	1,374	273	2,339

4. Intangible Assets

	Goodwill on consolidation \$'000	Negative goodwill \$'000	Others \$'000	Total \$'000
Cost				
At 1 January	41,490	–	–	41,490
Additions	–	–	1,480	1,480
Acquisitions through business combinations	3,772	(6,461)	–	(2,689)
Translation difference	1,917	–	27	1,944
At 31 December	47,179	(6,461)	1,507	42,225
Accumulated amortisation and impairment losses				
At 1 January	9,381	–	–	9,381
Amortisation charge for the year	2,417	–	221	2,638
Allowance for impairment loss reversed in respect of management contracts	(6,126)	–	–	(6,126)
Translation difference	189	–	2	191
At 31 December	5,861	–	223	6,084
Carrying amount				
At 31 December 2003	41,318	(6,461)	1,284	36,141
At 31 December 2002	32,109	–	–	32,109

5. Investment Properties

	Note	The Group 2003 \$'000	2002 \$'000
(a) Freehold investment properties, at valuation		1,708,543	1,342,729
Effect of change in accounting policy		–	31,824
As restated		1,708,543	1,374,553
Leasehold investment properties, at valuation		4,874,503	4,428,516
Effect of change in accounting policy		–	492,484
As restated		4,874,503	4,921,000
Leasehold investment properties, at cost		2,021	2,021
Less:			
Accumulated amortisation			
At 1 January		(1,773)	(1,648)
Amortisation charge for the year	36(c)(iii)	(124)	(125)
At 31 December		(1,897)	(1,773)
		124	248
		6,583,170	6,295,801

(b) Investment properties are stated at directors' valuation based on independent professional valuations carried out by the following valuers, on the basis of open market valuations.

	Valuation Date
BI Appraisals Ltd (Hong Kong)	November/December 2003
CB Richard Ellis Hotel Limited (United Kingdom)	December 2003
CB Richard Ellis (Pte) Ltd	December 2003
CB Richard Ellis Pty Ltd	December 2003
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	November 2003
Cuervo Appraiser Inc. (Philippines)	November 2003
DTZ Debenham Tie Leung	October 2003
FPD Savills Property Services (Shanghai) Co Ltd (China)	November/December 2003
FPD Savills (NSW) Pty Limited	December 2003
IKOMA CB Richard Ellis K.K. (Japan)	October 2003
Jones Lang LaSalle Property Consultants Pte Ltd	November 2003
Knight Frank Pte Ltd	November/December 2003
m3property Pty Ltd	December 2003
PT Artanila Permai	October 2003
Vigers J.B. Sdn Bhd (Malaysia)	October 2003

(c) At 31 December 2003, certain investment properties with carrying value totalling approximately \$1,683.0 million (2002: \$1,834.5 million) were mortgaged to banks to secure credit facilities for the Group (note 28).

(d) Investment properties of the Group are held mainly for use by tenants under operating leases.

6. Properties Under Development

	The Group 2003 \$'000	2002 \$'000
Cost	224,141	221,128
Less:		
Allowance for anticipated valuation deficiencies on completion	(67,506)	(52,680)
	156,635	168,448

(a) During the financial year, interest capitalised as cost of properties under development amounted to approximately \$79,000 (2002: \$Nil).

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6. Properties Under Development (cont'd)

- (b) Properties under development include the Group's 36.8% stake in the proposed 30-storey office building at 3 Church Street. At 31 December 2003, the Group's share of the net carrying value of the proposed development is approximately \$116 million, comprising \$119 million land and related costs, and \$60 million development costs less impairment loss of \$63 million. Samsung Corporation ("Samsung") is the main contractor for the partial design and build contract. The issuance of the Temporary Occupation Permit which was expected on 9 December 2002 was delayed due to the building settlement.

An agreement has been reached after year-end with Samsung in which Samsung will rectify the building to its original Grade A specifications. The rectification works will take about two years and the said property is expected to be ready by end 2005.

7. Interests in Subsidiaries

	Note	The Company 2003 \$'000	2002 \$'000
(a) Unquoted shares, at cost		5,873,712	5,874,712
Less:			
Allowance for impairment loss		(54,312)	(66,200)
		5,819,400	5,808,512
Add:			
Amounts owing by subsidiaries			
Loan accounts			
- interest free		713	2,746
- interest bearing		1,660,971	1,657,424
		1,661,684	1,660,170
Less:			
Allowance for doubtful receivables		(50,521)	(39,231)
		1,611,163	1,620,939
		7,430,563	7,429,451
Amounts owing by/(to) subsidiaries			
Current accounts (mainly non-trade)			
- interest free	26	9	53
- interest bearing	26	595,225	537,370
		595,234	537,423
Current accounts (mainly non-trade)			
- interest free	26	(18)	(5,985)
- interest bearing	26	(45,203)	(24,821)
		(45,221)	(30,806)
Non-current loan accounts			
- interest free	26	(527,723)	(293,107)
- interest bearing	26	(1,181,931)	(1,228,827)
		(1,709,654)	(1,521,934)

- (b) The balances with subsidiaries are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the loan accounts to be repaid within the next 12 months. In respect of interest bearing loan and current accounts, interests are charged at rates ranging from 0.63% to 5.94% (2002: 1.00% to 5.60%) per annum.

- (c) Details of the subsidiaries are set out in note 46.

8. Interests in Associated Companies

	Note	The Group 2003 \$'000	2002 \$'000
(a) Investment in associates		849,624	1,024,820
Amounts owing by associated companies			
Loan accounts			
– interest free		427,480	343,614
– interest bearing		464,106	262,422
		891,586	606,036
		1,741,210	1,630,856
Amounts owing by/(to) associated companies			
Current accounts			
– interest bearing (trade)		1,723	2,291
– interest free (non-trade)		51,379	55,776
– interest bearing (non-trade)		–	3
		53,102	58,070
Less:			
Allowance for doubtful receivables		(7,892)	(7,484)
	14	45,210	50,586
Current accounts			
– interest free (trade)		–	(5,373)
– interest bearing (trade)		(4,779)	(4,367)
– interest free (non-trade)		(6,509)	(4,647)
	20	(11,288)	(14,387)

(b) Except for a secured loan detailed in (c) below, the balances with associated companies are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the loan accounts to be repaid within the next 12 months. In respect of interest bearing loan and current accounts, interests are charged at rates ranging from 1.00% to 20.00% (2002: 1.00% to 8.00%) per annum.

(c) Of the loan accounts, there are approximately \$549.1 million (2002: \$167.2 million) subordinated to the repayment of borrowings of certain associated companies and approximately \$133.6 million (2002: Nil) secured by way of a charge on the associated company's investment property.

(d) Details of the associated companies are set out in note 47.

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9. Interests in Joint Ventures

	Note	The Group 2003 \$'000	2002 \$'000
(a) Joint Venture Companies			
(i) Investment in joint venture companies		643,560	422,053
Amounts owing by joint venture companies			
Loan accounts			
– interest free		389,230	103,997
– interest bearing	45(f)	239,658	557,169
		628,888	661,166
Less:			
Allowance for doubtful receivables		(2,705)	(2,192)
		626,183	658,974
		1,269,743	1,081,027

Amounts owing by/(to) joint venture companies

Current accounts (non-trade)			
– interest free	14	15,483	22,606
– interest free	20	(19,365)	(9,913)

(ii) The balances with joint venture companies are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the loan accounts to be repaid within the next 12 months. In respect of interest bearing loan accounts, interests are charged at 1.81% to 7.50% (2002: 1.85% to 11.75%) per annum. Loan accounts include an amount of approximately \$439.1 million (2002: \$442.3 million) which is subordinated to the repayment of borrowings of certain joint venture companies.

(iii) Details of the joint venture companies are set out in note 48.

(iv) Investment in joint venture companies include the following amount of negative goodwill:

	The Group 2003 \$'000
At beginning of the year	–
Acquisition of a joint venture company during the year	29,326
Amortisation charge for the year	(1,165)
Translation adjustments	(57)
At end of the year	28,104

The amortisation of goodwill arising on the acquisition of joint venture companies is included in the share of results of joint venture companies.

9. Interests in Joint Ventures (cont'd)

(v) The Group's share of the joint venture companies' results and assets and liabilities are as follows:

	2003 \$'000	The Group 2002 \$'000
Balance sheet		
Investment properties	1,218,829	628,400
Properties under development	633,076	528,432
Other non-current assets	70,989	123,849
	1,922,894	1,280,681
Current assets	536,776	508,437
Less:		
Current liabilities	(306,046)	(149,177)
Net current assets	230,730	359,260
	2,153,624	1,639,941
Less:		
Non-current liabilities	(859,659)	(546,221)
	1,293,965	1,093,720
Profit and loss account		
Revenue	360,205	265,880
Expenses	(379,011)	(245,419)
(Loss)/Profit before taxation	(18,806)	20,461
Taxation	(4,013)	(1,969)
(Loss)/Profit after taxation	(22,819)	18,492

The Group's share of the capital commitments of the joint venture companies is \$129.8 million (2002: \$151.8 million).

(b) Joint Venture Operations

(i) Details of joint venture operations entered into by the Group are as follows:

- A joint venture arrangement with NSW Land and Housing Corporation to acquire and develop a site at Quakers Hill, N.S.W., Australia. Under the terms of Co-venture Agreement, the Group is entitled to receive 50% of the profits.
- A joint venture arrangement with Morton Homestead Pty. Limited, the principal activity of which is property development. Under the terms of the Co-venture Agreement, the Group is entitled to receive 50% of the profits.

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year ended 31 December 2003

9. Interests in Joint Ventures (cont'd)

(b) Joint Venture Operations (cont'd)

(ii) Interests in joint venture operations included in the financial statements are shown under the classifications below:

	The Group	
	2003 \$'000	2002 \$'000
Non-current assets		
Property, plant and equipment	12	14
Current assets		
Development properties for sale	11,353	11,853
Trade and other receivables	7,608	11,575
	18,961	23,428
Total assets	18,973	23,442
Less:		
Current liabilities		
Trade and other payables	(7,233)	(9,859)
Share of net assets employed in joint venture operations	11,740	13,583
Share of profits from joint venture operations	7,391	7,548

10. Interests in Partnerships

	The Group	
	2003 \$'000	2002 \$'000
(a) Interest in partnership	51,065	55,451
Loan account – interest free	176	167
	51,241	55,618

(b) The Group's share of the partnership's results and assets and liabilities are as follows:

	The Group	
	2003 \$'000	2002 \$'000
Balance sheet		
Investment properties	50,575	–
Properties under development	–	51,070
Current assets	978	10,705
Less:		
Current liabilities	(312)	(6,157)
Net current assets	666	4,548
	51,241	55,618
Profit and loss account		
Revenue	30	88
Expenses	(7,348)	(94)
Loss before taxation	(7,318)	(6)
Taxation	–	–
Loss after taxation	(7,318)	(6)

(c) As at the balance sheet dates, the Group held an effective interest of 50% in Moorgate Investment Partnership, a limited partnership registered in the United Kingdom. The principal activity of the partnership is that of property investment and development.

11. Financial Assets

			The Group
	Note	2003 \$'000	2002 \$'000
(a) Non-current financial assets			
Quoted shares, at cost less write down		67,024	67,024
Unquoted shares, at cost		110,588	105,285
Quoted debt securities, at cost		2,000	1,000
Other unquoted investments		1,000	13,361
		180,612	186,670
Less:			
Allowance for impairment losses		(51,370)	(56,072)
		129,242	130,598
Amounts owing by investee companies			
Loan accounts			
- interest free		34,426	24,260
- interest bearing	45(f)	49,476	44,253
		83,902	68,513
Less:			
Allowance for doubtful debts		(20,083)	(22,757)
		63,819	45,756
Total		193,061	176,354
Market value:			
Quoted shares		51,090	32,623
Quoted debt securities		2,000	1,000

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(b) Current financial assets				
At cost:				
Quoted shares	4,658	5,170	-	-
Quoted bonds	-	10,155	-	10,155
Other unquoted investments	155,121	158,280	-	-
	159,779	173,605	-	10,155
Less:				
Allowance for impairment losses	(1,363)	(3,898)	-	(2,345)
	158,416	169,707	-	7,810
Market value:				
Quoted shares	3,284	3,617	-	-
Quoted bonds	-	7,261	-	7,261

(c) The balances with investee companies are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the amounts to be repaid within the next 12 months. In respect of interest bearing loan accounts, interests are charged at rates ranging from 1.00% to 6.00% (2002: 1.50% to 6.00%) per annum.

(d) Quoted and unquoted investments include investments in floating rate notes and bonds.

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12. Other Non-Current Assets

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Club memberships		1,290	1,402	87	55
Loans to staff and a director of subsidiary					
– interest free		562	3,841	141	1,556
Loan and receivables owing from third parties					
– interest free		21,148	9,006	–	–
– interest bearing	45(f)	14,771	13,939	–	–
		37,771	28,188	228	1,611

Included in loan and receivables owing from third parties is an amount that is unsecured, bears interest at 8.75% (2002: 8.75%) per annum and is repayable in March 2005.

13. Development Properties for Sale

	The Group	
	2003 \$'000	2002 \$'000
(a) Properties in the course of development at cost		
Cost	5,016,334	4,467,599
Less:		
Allowance for foreseeable losses	(684,829)	(696,899)
	4,331,505	3,770,700
Add: Attributable profit	223,946	172,052
	4,555,451	3,942,752
Less: Progress billings	(1,176,383)	(705,991)
	3,379,068	3,236,761
Completed units	222,778	232,203
Less:		
Allowance for foreseeable losses	(49,471)	(59,436)
	173,307	172,767
	3,552,375	3,409,528

(b) During the financial year, there were the following interests capitalised as cost of development properties for sale:

	Note	The Group	
		2003 \$'000	2002 \$'000
Interest paid and payable to banks	36(f)	70,856	41,660
Less:			
Interest received and receivable from fixed deposit project accounts	36(a)	(607)	(787)
		70,249	40,873

(c) At 31 December 2003, certain development properties for sale amounting to approximately \$1,595.2 million (2002: \$1,303.0 million) were mortgaged to banks to secure credit facilities of the Group (notes 27 and 28).

(d) At 31 December 2003, certain properties in Australia amounting to approximately A\$97.9 million (2002: A\$102.2 million) were acquired through unconditional exchange contracts with various land vendors. The related amount owing to land vendors is secured over the title to the properties being purchased (notes 22 and 25).

(e) At 31 December 2003, there were certain development properties for sale amounting to \$254.7 million (2002: \$266.1 million) whose future receivables were sold to third parties. As part of the arrangement of the sale, the Group has provided a fixed and floating charge over assets relating to the projects (including the land on which the projects are being built and the unsold units) to the third parties (note 25).

14. Trade and Other Receivables

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Trade receivables	15	394,172	281,152	2	62
Accrued receivables	16	69,949	86,573	–	–
Other receivables, deposits and prepayments	17	406,487	426,632	29,054	38,634
Funds held in trust	18	19,497	21,670	–	–
Amounts owing by:					
– associated companies	8	45,210	50,586	–	–
– joint venture companies	9	15,483	22,606	–	–
– related corporations	26	1,789	763	595,234	537,423
Loans to investee companies		–	3,979	–	–
		952,587	893,961	624,290	576,119

At 31 December 2003, certain trade receivables and other receivables amounting approximately \$233.0 million (2002: \$155.9 million) and \$104.5 million (2002: \$23.9 million), respectively were mortgaged to banks to secure credit facilities of the Group (note 27).

15. Trade Receivables

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Trade receivables	419,835	304,626	2	62
Less:				
Allowance for doubtful receivables	(25,663)	(23,474)	–	–
	394,172	281,152	2	62

16. Accrued Receivables

In accordance with the Group's accounting policy, income is recognised on the progress of the construction work. Upon receipt of Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

17. Other Receivables, Deposits and Prepayments

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Prepayments	33,636	40,387	3,399	5,937
Deposits	51,284	20,955	–	20
Other receivables	254,139	275,694	2,287	2,226
Less:				
Allowance for doubtful receivables	(14,625)	(17,480)	–	–
	239,514	258,214	2,287	2,226
Tax recoverables	82,053	107,076	23,368	30,451
	406,487	426,632	29,054	38,634

The other receivables include amount receivable in connection with staff loans, interest receivable, deferred sales consideration and loan receivable relating to disposal of a subsidiary and other recoverables.

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18. Funds Held in Trust

Funds held in trust comprise fixed deposits and bank balances with banks and finance companies held on behalf of the Commissioner of Land, Public Utilities Board, the Housing and Development Board and related corporations:

	Note	The Group 2003 \$'000	2002 \$'000
Fixed deposits		13,438	15,255
Cash at banks		6,059	6,415
	20	19,497	21,670

Funds held in trust include an amount of \$890,000 (2002: \$935,000) held on behalf of related corporations.

19. Cash and Cash Equivalents

	The Group 2003 \$'000	2002 \$'000	The Company 2003 \$'000	2002 \$'000
Amounts held under "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on development projects	178,061	208,652	–	–
Fixed deposits	1,033,157	614,225	492,384	340,600
Cash at bank and in hand	265,268	264,178	335	1,485
	1,476,486	1,087,055	492,719	342,085
Bank overdrafts (unsecured)	(720)	(3,410)	–	–
Cash and cash equivalents in the statement of cash flows	1,475,766	1,083,645	492,719	342,085

(a) Amounts held under "Project Account Rules – 1997 Ed" of \$106.3 million (2002: \$93.4 million) were pledged as securities for the term loans (note 28).

(b) Fixed deposits of \$21.8 million (2002: \$26.5 million) were pledged as securities for the term loans (note 28).

(c) At 31 December 2003, there was a charge over all monies from time to time standing to the credit of the project accounts amounting to \$1.9 million (2002: \$17.0 million) in respect of certain development properties for sale whose future receivables were sold (note 25).

20. Trade and Other Payables

	Note	The Group 2003 \$'000	2002 \$'000	The Company 2003 \$'000	2002 \$'000
Trade payables		222,270	136,337	267	–
Accruals	21	706,987	588,643	23,696	26,388
Other payables	22	227,604	255,037	11	12
Rental and other deposits	23	72,542	53,271	2	2
Funds held in trust	18	19,497	21,670	–	–
Contract work-in-progress	24	29,291	14,327	–	–
Provisions	25	37,890	54,503	–	–
Liability for employee benefits	31	8,959	16,359	590	578
Amounts owing to:					
– associated companies	8	11,288	14,387	–	–
– joint venture companies	9	19,365	9,913	–	–
– related corporations	26	5,809	4,328	45,221	30,806
		1,361,502	1,168,775	69,787	57,786

21. Accruals

Accruals include accrued development expenditure, accrued interest payable and accrued property, plant and equipment purchases.

22. Other Payables

Other payables include an amount of A\$85.8million (2002: A\$80.4 million) owing to land vendors from certain unconditional contracts which the Group has concluded with them to purchase properties for future developments. The total acquisition cost of the properties has been included in development properties for sale and the amount payable is secured over the relevant development properties.

Other items relate to retention sums and amounts payable in connection with capital expenditure incurred.

23. Rental and Other Deposits

Rental and other deposits include an amount of \$1.6 million (2002: \$2.0 million) received from related corporations.

24. Contract Work-in-Progress

	The Group	
	2003 \$'000	2002 \$'000
Cost incurred and provided for	99,585	9,236
Less:		
Allowance for anticipated losses	(6,363)	(6,843)
	93,222	2,393
Less:		
Progress payments received and receivable	(122,513)	(16,720)
Progress billings in excess of work-in-progress	(29,291)	(14,327)

25. Other Non-Current Liabilities

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Amounts owing to related corporations	26	–	26,647	1,709,654	1,548,581
Liability for employee benefits	31	6,925	4,016	3,147	659
Customer deposits and other non-current payables		50,460	55,243	–	–
Provisions	25(a)	12,917	17,378	–	–
Proceeds from sale of future receivables	25(b)	203,113	169,604	–	–
		273,415	272,888	1,712,801	1,549,240

The other non-current payables include an amount of A\$12.2 million (2002: A\$21.8 million) owing to land vendors on similar terms described in note 22.

(a) Movements in provisions are as follows:

	Income support and profit warranty \$'000	Others \$'000	Total \$'000
Balance as at 1 January 2003	69,281	2,600	71,881
Provision reversed during the year	(826)	(2,600)	(3,426)
Provision utilised during the year	(17,648)	–	(17,648)
Balance as at 31 December 2003	50,807	–	50,807

	Note	The Group	
		2003 \$'000	2002 \$'000
Current	20	37,890	54,503
Non-current		12,917	17,378
		50,807	71,881

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25. Other Non-Current Liabilities (cont'd)

The provisions for income support and profit warranty were made in conjunction with the sale of equity interests in subsidiaries with stakes in investment properties in 2001. Under the sales and purchase agreements, the Group is obligated to pay the buyers the following:

- (i) certain pre-determined sum of income support from 13 June 2001 to 12 June 2005; and
 - (ii) compensation for any shortfall in earnings over a period of 10 years from 2001 to 2010 subject to a maximum cap of approximately \$75.1 million. Any income shortfall is determined by reference to a pre-determined rental yield and income level over a specified period.
- (b) These relate to the sale of future receivables in respect of certain residential projects in Singapore and Australia by the Group. At the balance sheet dates, proceeds received amounted to \$203.1 million (2002: \$169.6 million).

The terms of the arrangement for the sales include:

- (i) a fixed and floating charge over assets of the subsidiaries relating to the projects (note 13);
- (ii) a charge over all monies from time to time standing to the credit of the related project accounts (note 19);
- (iii) an assignment of all the subsidiaries' present and future rights, title and interest in, and all benefits accrued and to accrue to the subsidiaries under the contract for sale entered into with the buyer of a unit of the project which form the pool of sold future receivables; and
- (iv) an assignment on all the subsidiaries' present and future rights, title to and interest in:
 - (a) all contracts and agreements entered into by the subsidiaries with the consultants and contractors and all construction guarantees issued in favour of the subsidiaries; and
 - (b) all the policies and contracts of insurance taken out by the subsidiaries.

26. Amounts Owed by/(to) Related Corporations

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current					
Amounts owing by:					
Current accounts					
– Subsidiaries					
– non-trade					
– interest free	7	–	–	9	53
– interest bearing	7	–	–	595,225	537,370
– Other related corporations					
– trade					
– interest free		1,789	–	–	–
– interest bearing		–	727	–	–
– non-trade					
– interest free		–	36	–	–
	14	1,789	763	595,234	537,423

26. Amounts Owed by/(to) Related Corporations (cont'd)

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Amounts owing (to):					
Current accounts					
- Subsidiaries					
- non-trade					
- interest free	7	-	-	(18)	(5,985)
- interest bearing	7	-	-	(45,203)	(24,821)
- Other related corporations					
- trade					
- interest free		(190)	-	-	-
- interest bearing		-	(857)	-	-
- non-trade					
- interest free		(5,619)	(3,471)	-	-
	20	(5,809)	(4,328)	(45,221)	(30,806)
Non-current					
Amounts owing (to):					
Loan accounts					
- Subsidiaries					
- interest free	7	-	-	(527,723)	(293,107)
- interest bearing	7	-	-	(1,181,931)	(1,228,827)
- Other related corporations					
- interest free		-	(26,647)	-	(26,647)
	25	-	(26,647)	(1,709,654)	(1,548,581)

(a) All balances with related corporations are unsecured, interest free and have no fixed terms of repayment. However, the management of the parties involved do not intend for the loan balances to be repaid within the next 12 months.

(b) The immediate holding company is Singapore Technologies Pte Ltd and the ultimate holding company is Temasek Holdings (Private) Limited. Both companies are incorporated in the Republic of Singapore.

27. Short Term Loans

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Short term loans				
- secured	111,004	271,748	-	-
- unsecured	940,864	961,121	366,729	282,660
	1,051,868	1,232,869	366,729	282,660

The secured short term loans bear interest at rates ranging from 1.14% to 7.21% (2002: 1.25% to 6.93%) and are generally secured by:

- (i) mortgages on the borrowing subsidiaries' investment properties, land and buildings, development properties for sale and trade and other receivables; and
- (ii) assignment of all rights and benefits with respect to the properties.

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28. Term Loans

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Term loans				
– secured	1,981,680	1,301,980	–	–
– unsecured	1,929,157	1,156,145	270,650	276,653
	3,910,837	2,458,125	270,650	276,653
Repayable:				
– within 1 year	510,873	713,798	57,800	43,963
– after 1 year	3,399,964	1,744,327	212,850	232,690
	3,910,837	2,458,125	270,650	276,653

(i) Secured term loans

These comprise loans repayable:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Within 1 year	382,123	302,706	–	–
From 1 to 2 years	937,862	331,704	–	–
From 2 to 5 years	661,695	667,570	–	–
After 1 year	1,599,557	999,274	–	–
	1,981,680	1,301,980	–	–

The secured term loans bear interests ranging from 1.13% to 9.15% (2002: 1.13% to 8.50%) per annum. Details of the secured term loans as at 31 December 2003 are as follows:

- Secured term loans include an amount of \$200 million obtained in 2001, and due to mature in June 2010 with an early call redemption in June 2007. The loan bears interest from 3.71% to 4.79% per annum and is secured by a fixed and floating charge on the assets of the subsidiaries related to the projects, assignment of the sale and rental proceeds of the projects and a charge on the monies in the Project Account of the projects.
- A bank loan of \$90 million was obtained in 2003 and due to mature on 9 September 2005. The loan bears interest of 1.58% per annum and is secured by a fixed and floating charge on the assets of the subsidiary relating to a residential project, assignment of the sale and rental proceeds of this project and a charge on the monies in the Project Account of the same project.
- A bank loan of HK\$370 million (2002: HK\$380 million) equivalent to \$83 million (2002: \$86 million) was secured by a mortgage over an investment property of a borrowing subsidiary. The loan will be repaid on 30 November 2005.
- Subsidiary, Australand Holdings Limited ("Australand"), maintains a 2-year evergreen facility and the structure is a A\$500 million (2002: A\$450 million) cash tranche and a A\$100 million (2002: A\$50 million) bank guarantee facility. The facility is secured by fixed and floating charges over the assets of Australand and its subsidiaries. Development properties for sale and receivables were also subjected to registered equitable mortgages and specific project secured charges. The subsidiaries entered into a Deed of Guarantee and Indemnity whereby the subsidiaries guarantee the repayment of borrowings by Australand. The interest rate prevailing as at 31 December 2003 was 6.53% (2002: 5.49%).
- Other term loans are generally secured by:
 - mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, properties under development, development properties for sale and trade receivables;
 - pledge of shares of a subsidiary;
 - pledge of fixed deposits; and
 - assignments of all rights and benefits with respect to the properties.

28. Term Loans (cont'd)

(ii) Unsecured Term Loans

These comprise loans repayable:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Within 1 year	128,750	411,092	57,800	43,963
From 1 to 2 years	356,687	114,372	–	54,760
From 2 to 5 years	1,443,720	630,681	212,850	177,930
After 1 year	1,800,407	745,053	212,850	232,690
	1,929,157	1,156,145	270,650	276,653

The unsecured term loans bear interests ranging from 0.75% to 8.47% (2002: 0.42% to 8.47%) per annum.

29. Debt Securities

Debt securities comprise fixed rate notes, floating rate notes, hybrid rate notes and bonds issued by the Group and the Company.

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Convertible bonds (unsecured)	360,710	346,243	360,710	346,243
Notes issued as at end of year	2,868,745	3,953,883	1,400,000	1,321,750
Less:				
Notes purchased (but not cancelled)	(644,546)	(1,217,292)	(530,500)	(445,000)
Notes outstanding as at end of year	2,224,199	2,736,591	869,500	876,750
	2,584,909	3,082,834	1,230,210	1,222,993
Secured notes	–	988,254	–	–
Unsecured notes	2,224,199	1,748,337	869,500	876,750
	2,224,199	2,736,591	869,500	876,750

Repayable:

Within 1 year	1,129,061	1,281,916	551,500	331,000
From 1 to 2 years	562,710	429,675	440,710	347,750
From 2 to 5 years	713,138	681,243	238,000	453,243
After 5 years	180,000	690,000	–	91,000
After 1 year	1,455,848	1,800,918	678,710	891,993
	2,584,909	3,082,834	1,230,210	1,222,993

(a) Convertible bonds (unsecured)

	Note	The Group and The Company	
		2003 \$'000	2002 \$'000
Face value of convertible bonds		380,000	380,000
Less:			
Bond discount			
Opening balance		33,757	38,950
Amortisation	36(f)	(14,467)	(5,193)
At 31 December		19,290	33,757
		360,710	346,243

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29. Debt Securities (cont'd)

(a) Convertible bonds (unsecured) (cont'd)

The Company issued \$380 million principal amount of Convertible Bonds due 2007 which carry interest rate at 0.625% per annum. The Convertible Bonds are convertible by holders into new ordinary shares of \$1.00 each in the capital of the Company at the conversion price of \$2.3358 for each new ordinary share (subject to adjustment in certain events) at any time on or after 3 June 2002 and prior to the close of business (at the place the Convertible Bonds are deposited for conversion) on 3 April 2007. Unless previously redeemed by way of exercise of the option by the holder on 3 May 2005 or by the Company at any time on or after 3 May 2005, the final redemption date of the Convertible Bonds is 3 May 2007. The redemption price is equal to the principal amount of the convertible bonds being redeemed.

(b) Secured Debt Securities

The outstanding secured debt securities amounting to \$988.3 million as at 31 December 2002 were redeemed during the year. Those debt securities previously bore interest ranging from 1.10% to 6.00% per annum and were secured by a fixed charge or mortgage on the borrowing subsidiaries' investment properties, and development properties for sale.

(c) Unsecured Debt Securities

Details of unsecured debt securities are as follows:

- (i) The holders of some of the above debt securities have the option to have all or any of their notes purchased by the Group at their principal amount on interest payment dates. In determining the repayment dates of the debt securities, it is assumed that the option will be exercised. Unless previously redeemed or purchased and cancelled, the debt securities are redeemable at the principal amounts on their respective maturity dates.
- (ii) The debt securities bear interests ranging from 0.56% to 8.47% (2002: 0.63% to 8.50%) per annum.

30. Deferred Income

Deferred income represents mainly 50% of entrance fees from club memberships which has been set aside to match any possible excess operating costs over operating revenues in the remaining membership period, and certain deferred profits on services rendered to a joint venture company.

31. Employee Benefits

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Liability for short term accumulating compensated absences		6,282	6,799	269	578
Liability for long service leave entitlement		3,251	2,495	-	-
Liability for retirement gratuity		1,742	1,360	-	-
Liability for performance shares		3,257	1,100	2,125	659
Liability for staff incentive		1,352	8,621	1,343	-
		15,884	20,375	3,737	1,237
Current	20	8,959	16,359	590	578
Non-current	25	6,925	4,016	3,147	659
		15,884	20,375	3,737	1,237

(a) Long service leave

This liability relates principally to provision made by a foreign subsidiary in relation to employees' leave entitlement granted after certain qualifying periods based on duration of employees' services rendered.

(b) Retirement gratuity

A subsidiary of the Group operates an unfunded, defined benefit Retirement Gratuity Scheme for its senior executives. Benefit is payable based on the last drawn salary of the executive and the number of years of service with the Group, including those with certain predecessor corporations. The provision for retirement gratuity scheme at 31 December 2003, based on actuarial valuation, comprises present value of obligations under the scheme of \$1,815,000 (2002: \$2,007,000), net of unrecognised past service cost of \$73,000 (2002: \$647,000). The amounts recognised in the income statement comprises current service costs of \$184,000 (2002: \$228,000), amortisation of past service costs of \$118,000 (2002: \$149,000) and interest cost of \$80,000 (2002: \$90,000).

31. Employee Benefits (cont'd)**(b) Retirement gratuity (cont'd)**

The principal assumptions used were discount rate of 4.00% (2002: 4.00%) and future salary increases of 5.50% up to age 57 and 2% thereafter (2002: 5.50% up to age 57 and 2% thereafter).

(c) Performances shares

This relates to provision for compensation costs of the Group Performance Share Plan reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

(d) Equity compensation benefits

The Share Option Plan, Performance Share Plan and 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 Share Plans are administered by the Company's Executive Resource and Compensation Committee comprising Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Sir Alan Cockshaw, Mr Lim Chin Beng and Mr Jackson Peter Tai.

Other statutory information regarding the Share Plans are set out below:

(i) The exercise price of the options is set either at:

- A price equal to the volume-weighted average price on the SGX-ST over the three consecutive trading days immediately preceding the grant of the option; or
- A discount to the market price not exceeding 20% of the market price in respect of that option.

(ii) The options vest between 1 year to 5 years after the grant date.

(iii) The options granted expire after 5 or 10 years from the dates of the grant.

As at the end of the financial year, details of the options granted under the Share Plans for unissued ordinary shares of \$1.00 each of the Company were as follows:

Movements of share options outstanding:

Date granted	Exercise price \$	Number of options outstanding at 1/1/2003	Options granted	Options exercised	Options cancelled/lapsed	Number of options outstanding at 31/12/2003	Exercise period
12/06/2000	2.54	1,841,670	-	-	(43,080)	1,798,590	13/06/2001 to 11/06/2005
12/06/2000	2.54	7,381,412	-	-	(1,605,461)	5,775,951	13/06/2001 to 11/06/2010
24/11/2000	2.70	675,998	-	-	(675,998)	-	27/03/1999 to 25/03/2003
24/11/2000	2.61	1,460,674	-	-	(231,185)	1,229,489	09/04/2000 to 07/04/2004
24/11/2000	2.38	2,124,800	-	-	(121,600)	2,003,200	14/04/2001 to 12/04/2010
24/11/2000	2.51	480,000	-	-	-	480,000	05/08/2001 to 03/08/2005
24/11/2000	2.51	1,660,800	-	-	(508,700)	1,152,100	05/08/2001 to 03/08/2010
24/11/2000	2.68	200,000	-	-	-	200,000	25/11/2001 to 23/11/2010
18/06/2001	2.50	2,170,000	-	-	-	2,170,000	19/06/2002 to 18/06/2006
18/06/2001	2.50	16,136,440	-	-	(1,472,667)	14,663,773	19/06/2002 to 18/06/2011
02/07/2001	2.49	100,000	-	-	-	100,000	03/07/2002 to 02/07/2011
31/12/2001	1.85	300,000	-	-	-	300,000	01/01/2003 to 31/12/2011
10/05/2002	1.71	1,620,000	-	-	(30,000)	1,590,000	11/05/2003 to 10/05/2007
10/05/2002	1.71	17,975,570	-	-	(1,822,644)	16,152,926	11/05/2003 to 10/05/2012
28/02/2003	1.02	-	1,562,000	-	(92,000)	1,470,000	01/03/2004 to 28/02/2008
28/02/2003	1.02	-	21,988,620	-	(4,097,340)	17,891,280	01/03/2004 to 28/02/2013
24/04/2003	1.05	-	305,000	-	-	305,000	25/04/2004 to 24/04/2013
29/08/2003	1.34	-	1,182,500	-	(146,000)	1,036,500	30/08/2004 to 29/08/2013
22/09/2003	1.38	-	100,000	-	-	100,000	23/09/2004 to 22/09/2013
		54,127,364	25,138,120	-	(10,846,675)	68,418,809	

Of the outstanding options as at 31 December 2003, there were 7,579,590 (2002: 5,828,590) options held by the directors of the Company. This included 3,527,000 (2002: 2,727,000) options held by Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

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year ended 31 December 2003

32. Share Capital

The authorised share capital of the Company as at 31 December 2003 and 31 December 2002 was S\$4,000,000,000 comprising 4,000,000,000 Ordinary Shares of S\$1 each and US\$172,500 comprising 172,500 Redeemable Convertible Cumulative Preference Shares of US\$1 each.

The issued and fully paid-up share capital of the Company as at 31 December 2003 and 31 December 2002 was S\$2,517,349,898 comprising 2,517,349,898 Ordinary Shares of S\$1 each.

At the end of financial year, there were 68,418,809 share options (2002: 54,127,364) and a maximum of 7,300,000 performance shares (2002: 3,560,000) relating to the Company's Share Option Plan and Performance Share Plan for unissued Ordinary Shares of the Company, details of which are disclosed in the Directors' Report and in note 31(c) and (d).

There were also S\$380 million Convertible Bonds due 2007 which are convertible by holders into 162,685,161 new Ordinary Shares of S\$1 each in the capital of the Company at the conversion price of S\$2.3358 for each new Ordinary Shares (subject to adjustment in certain events) (note 29(a)).

33. Reserves

	The Group		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Share premium	3,429,376	3,429,376	2,161,144	2,161,144
Capital reserve	101,834	121,078	30,381	30,381
Capital redemption reserve	3,908	3,867	313	313
Revaluation reserve	89,839	82,683	-	-
Foreign currency translation reserve	8,864	(23,191)	-	-
Reserve on consolidation	(12,281)	15,355	-	-
Accumulated (losses)/profits	(61,311)	(85,296)	185,678	253,469
	3,560,229	3,543,872	2,377,516	2,445,307

The Group and Company

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50.

The capital reserve comprises mainly of capital gains on disposal of properties and share of associated companies' capital reserve and the value of the option granted to bondholders to convert their convertible bonds into ordinary shares of the Company.

The capital redemption reserve is required by Section 70(5) of the Companies Act, Chapter 50, and it relates to the nominal amount of the redeemable preference shares redeemed by the Company and its subsidiaries.

The revaluation reserve comprises the net cumulative increase in the fair value of investment properties and share of associated companies and joint venture companies' revaluation surpluses and deficits.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities, as well as from the translation of foreign currency loans used to finance investments in foreign entities.

The reserve on consolidation comprises the net excess of the fair values of the net assets over the purchase consideration in respect of subsidiaries, associated companies and joint venture companies acquired prior to 1 January 2001.

34. Minority Interests

	The Group	
	2003 \$'000	2002 \$'000
Share of net assets of subsidiaries	2,041,666	1,883,704
Amounts owing to/(by) minority shareholders (advances)		
– interest free	(144,307)	(106,574)
– interest bearing	86,669	118,675
	1,984,028	1,895,805

The balances with minority shareholders are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the amounts to be repaid within the next 12 months. In respect of the interest bearing advances, interests are charged at rates ranging from 1.62% to 6.66% (2002: 1.85% to 8.50%) per annum.

35. Revenue

Revenue of the Group and of the Company is analysed as follows:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Commercial	923,012	687,168	–	–
Residential	2,045,532	1,769,341	–	–
Serviced residences	151,155	152,964	–	–
Hotels	576,234	549,443	–	–
Property, project and other management services	123,763	118,905	28,636	26,040
Others	61,194	35,475	–	–
Dividend income from subsidiaries (gross)				
– unquoted equity investment	–	–	83,149	100,710
Inter-segment elimination	(50,804)	(51,617)	–	–
	3,830,086	3,261,679	111,785	126,750

- (a) Revenue of the Group comprises gross rental, car park and other related income from investment properties and leased properties, income from property trading, fees from the provision of property and project management, related agency and consultancy services and income from serviced apartments and hotel operations. Intra-group transactions are excluded from the revenue of the Group.
- (b) Property trading income consists of an appropriate portion of the contracted sales value on which income has been recognised under the percentage of completion method.

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year ended 31 December 2003

36. Profit Before Taxation

Profit before taxation includes the following:

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(a) Other operating income					
Interest income					
– fixed deposits		16,438	15,509	1,830	1,066
– subsidiaries		–	–	59,153	78,435
– associated and joint venture companies and partnerships		54,365	28,835	–	–
– investee companies and others		2,672	4,660	–	404
– interest capitalised in development properties for sale	13(b)	(607)	(787)	–	–
		72,868	48,217	60,983	79,905
Dividend income (gross)					
– quoted investment		263	132	–	–
– unquoted investment		17,010	8,745	–	–
Gain on disposal/dilution/liquidation of subsidiaries and associated companies		96,406	170,254	977	1,062
Gain on foreign exchange		9,098	6,964	–	525
Profit on sale of leasehold investment properties		6,139	7,110	–	–
(b) Staff costs					
Wages and salaries		407,825	351,659	10,206	9,275
Contributions to defined contribution plans		36,976	28,741	616	582
Compensation cost of employees performance shares		2,158	1,100	1,466	659
(Decrease)/Increase in liability for short term accumulating compensated absences		(259)	2,902	(277)	203
Increase in liability for retirement gratuity		382	467	–	–
Increase in liability for long service leave entitlement		756	1,923	–	–
Staff benefits, training/development cost and others		51,933	66,310	892	1,544
		499,771	453,102	12,903	12,263
Less:					
Staff costs capitalised in development properties for sale		(38,127)	(23,683)	–	–
		461,644	429,419	12,903	12,263
Number of employees as at 31 December		10,175	10,333	85	70

36. Profit Before Taxation (cont'd)

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(c) (i) Cost of sales					
Allowance for/(Write back of) foreseeable losses on development properties		28,394	(4,907)	-	-
(ii) Administrative expenses					
Allowance for doubtful receivables		2,626	1,884	13,114	12,193
Amortisation/(Accretion) of:					
- intangible assets	4	2,638	1,345	-	-
- leasehold investment properties	5(a)	124	125	-	-
- negative goodwill	9a(iv)	(1,165)	-	-	-
Auditors' remuneration:					
- auditors of the Company		1,316	1,359	140	100
- other auditors		2,909	2,410	-	-
Non-audit fees:					
- auditors of the Company		420	665	24	59
- other auditors		2,080	2,304	-	-
Depreciation of property, plant and equipment	3	91,083	91,739	1,119	1,399
Reversal of impairment loss on intangible assets	4	(6,126)	(9,619)	-	-
Operating lease expenses		60,363	54,658	1,094	1,157
(iii) Other operating expenses					
Allowance for impairment loss for subsidiaries		-	-	(11,888)	-
Allowance for/(Write back of) diminution in value of:					
- current financial assets		4,730	362	4,788	-
- non-current financial assets		(886)	9,759	-	-
Impairment loss/(Write back of impairment loss)					
on property, plant and equipment	3	853	(8,281)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(2,474)	1,615	-	-
Property, plant and equipment written off	3	1,426	89	1	8
Write back of provisions	25(a)	(3,426)	(1,235)	-	-
Write down in value of investment properties and property under development		152,142	79,196	-	-

(d) Remuneration of directors and key management personnel

The directors' remuneration of the Company for the financial year is \$2,686,309 (2002: \$2,358,948). This included the salary, bonus and other benefits amounting to \$1,505,565 (2002: \$1,226,995) paid to Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

(e) Professional fees

Fees paid and payable to firms in which certain directors of the Company are members:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Charged to profit and loss account	1,164	1,872	75	535
Included as cost of development properties for sale and property, plant and equipment	508	1,443	-	-

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year ended 31 December 2003

36. Profit Before Taxation (cont'd)

	Note	The Group		The Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(f) Finance costs					
Interest paid and payable to:					
– subsidiaries		–	–	21,840	26,674
– bank loans and overdrafts		174,694	122,940	29,630	32,140
– debt securities		108,953	176,331	31,406	40,950
Convertible bonds					
– interest expense		2,376	1,571	2,376	1,571
– amortisation of bond discount	29(a)	14,467	5,193	14,467	5,193
Others		11,212	19,606	3,173	2,070
Total borrowing costs		311,702	325,641	102,892	108,598
Less:					
Borrowing costs capitalised in:					
– properties under development	6(a)	(79)	–	–	–
– development properties for sale	13(b)	(70,856)	(41,660)	–	–
		(70,935)	(41,660)	–	–
		240,767	283,981	102,892	108,598

The finance costs have been capitalised at a rate of 0.81% to 8.47% (2002: 1.15% to 8.47%) for properties under development and development properties for sale.

37. Taxation

(a) Deferred Taxation

	At 1/1/2003 \$'000	Profit and loss account \$'000	Equity \$'000	Acquisition of subsidiary \$'000	Translation difference \$'000	At 31/12/2003 \$'000
The Group						
Deferred tax liabilities						
Accelerated tax depreciation	11,213	3,594	–	–	2,131	16,938
Discounts on compound financial instruments	7,426	(3,182)	–	–	–	4,244
Accrued income and interest receivable	22,262	8,830	–	–	2,210	33,302
Claw-back of capital allowances of assets in investment properties	17,963	(393)	–	–	–	17,570
Properties recognised on percentage of completion	33,539	(6,176)	–	–	6,125	33,488
Revaluation gains arising from investment properties and business combinations	19,011	1,008	104	–	–	20,123
Unremitted foreign income	2,089	(1,890)	–	–	–	199
Others	5,425	–	–	(246)	333	5,512
Total	118,928	1,791	104	(246)	10,799	131,376
Deferred tax assets						
Unutilised tax losses			(16,380)	4,530	92	(11,758)
Unutilised capital allowance			(2,171)	(578)	–	(2,749)
Provisions and expenses			(9,878)	(21,743)	(3,055)	(34,676)
Others			(5,000)	(36)	118	(4,918)
Total			(33,429)	(17,827)	(2,845)	(54,101)

37. Taxation (cont'd)

(a) Deferred Taxation (cont'd)

	At 1/1/2003 \$'000	Profit and loss account \$'000	Translation difference \$'000	At 31/12/2003 \$'000
The Company				
Deferred tax liabilities				
Discounts on compound financial instruments	7,426	(3,182)	–	4,244
Total	7,426	(3,182)	–	4,244

Deferred tax liabilities and assets are offset when there is 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 Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Deferred tax liabilities	94,072	115,086	4,244	7,426
Deferred tax assets	(16,797)	(29,587)	–	–
At 31 December	77,275	85,499	4,244	7,426

Deferred tax liabilities of \$1.5 million (2002: \$3.3 million) have not been recognised for withholding and other taxes that would be payable upon the remittance of earnings of certain subsidiaries, as such amounts have been permanently reinvested. The total unremitted earnings as at 31 December 2003 amounted to \$19.1 million (2002: \$32.8 million).

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000

(b) Tax Charge

Current tax expense

The Company and its subsidiaries

- Based on current year's results
- Under/(Over)provision in respect of prior years
- Group relief

150,942	76,206	9,703	12,003
958	(6,175)	–	2,004
–	–	796	5,997
151,900	70,031	10,499	20,004

- Based on current year's results

- Associated companies
- Joint venture companies

10,415	11,373	–	–
4,013	1,969	–	–
14,428	13,342	–	–
166,328	83,373	10,499	20,004

Deferred tax expense

The Company and its subsidiaries

- Movements in temporary differences
- Reduction in tax rates
- Overprovision in respect of prior years

(14,620)	10,936	(3,182)	(1,358)
–	(1,176)	–	(23)
(1,416)	(6,412)	–	–
(16,036)	3,348	(3,182)	(1,381)
150,292	86,721	7,317	18,623

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year ended 31 December 2003

37. Taxation (cont'd)

Reconciliation of effective tax rate

The Group	2003 \$'000	2002 \$'000
Profit before tax	354,824	480,976
Income tax using Singapore tax rate	78,061	105,815
Adjustments:		
Effect of reduction in tax rates on deferred tax	-	(1,176)
Tax rebate	(1,010)	(76)
Expenses not deductible for tax purposes	95,341	52,603
Income not subject to tax	(39,383)	(65,591)
Overprovision in respect of prior years	(458)	(12,587)
Effect of unrecognised tax losses and other deductible temporary differences	5,795	5,885
Effect of different tax rates in foreign jurisdictions	17,080	5,940
Capital allowance claimed for assets under investment properties	(7,954)	(8,047)
Amount of loss for which tax credit has not been recognised	796	8,619
Tax benefits received on losses arising from group relief	(796)	(8,619)
Others	2,820	3,955
	150,292	86,721
The Company		
Profit before tax	37,703	61,222
Income tax using Singapore tax rate	8,295	13,469
Adjustments:		
Effect of reduction in tax rates	-	(6)
Expenses not deductible for tax purposes	2,435	3,168
Income not subject to tax	(3,413)	(12)
Underprovision in respect of prior years	-	2,004
Consideration paid for losses transferred	796	5,997
Tax benefit received on losses arising from group relief	(796)	(5,997)
	7,317	18,623

Deferred tax assets have not been recognised in respect of the following:

	The Group	
	2003 \$'000	2002 \$'000
Deductible temporary differences	406,038	391,839
Tax losses	569,911	549,540
Unutilised capital allowances	3,124	11,353
	979,073	952,732

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits.

38. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit after tax and minority interests of \$105,254,000 (2002: \$279,963,000) and the weighted average of 2,517,349,898 (2002: 2,517,349,898) ordinary shares.

(b) Fully diluted earnings per share

The calculation of fully diluted earnings per share is based on the profit after tax and minority interests of \$105,254,000 (2002: \$279,963,000) and the weighted average of 2,523,018,830 (2002: 2,517,349,898) ordinary shares, after adjusting for the effect of all dilutive potential ordinary shares.

39. Changes in Accounting Policies

(a) Adoption of INT FRS-19

In prior years, some of the subsidiaries measured their transactions in Singapore dollars. With the adoption of INT FRS-19 in the current year, the subsidiaries have remeasured all their transactions in their respective foreign currencies which has the effect as if the accounting records had been kept in the respective foreign currencies since incorporation. The change in accounting policy has been accounted for by restating comparatives and adjusting the opening balance of accumulated losses at 1 January 2002. The impact on the opening accumulated losses of the Group as at 1 January 2003 amounts to a credit adjustment of \$20.4 million. The effect on the Group's current year's profit and loss account is a net gain of \$3.1 million.

(b) Reclassification of leasehold land and buildings

In prior years, leasehold land and buildings in China, Vietnam and Indonesia owned by companies in The Ascott Group Limited ("Ascott"), a listed subsidiary of the Group, were accounted for as property, plant and equipment and depreciated over the respective lease periods. In the current year, these leasehold land and buildings are reclassified as investment properties and stated at valuation. The reclassification is to better reflect the economic substance of Ascott's investment in these properties as well as to align more closely to CapitaLand Group's accounting policy on investment properties.

The adjustments arising from this reclassification was effected retrospectively, and the effect on the Group as at 1 January 2003 is to increase the carrying value of investment properties by \$524.3 million, decrease the carrying value of the property, plant and equipment by \$407.9 million and a reversal of accumulated depreciation on leasehold land and buildings and revaluation deficit to retained earnings. The Group's revaluation reserve was restated for the leasehold land and buildings now classified as investment properties. The effect for the Group is an increase in revaluation reserve of \$41.5 million (2002: \$36.0 million) as at 1 January 2003.

The change has also increased the profit for the current financial year by \$5.8 million comprising the reversal of depreciation expense but partially offset by the net revaluation deficit on the said leasehold land and buildings charged to the Group's profit and loss account.

(c) Effects of changes in accounting policies

	Note	The Group 2003 \$'000	2002 \$'000
Net profit before changes in accounting policies		96,374	290,168
Effect of adopting INT FRS-19	(a)	3,087	702
Reclassification of leasehold land and buildings	(b)	5,793	(10,907)
Net profit for the year		105,254	279,963

40. Dividends

After the balance sheet date, the directors proposed a final dividend of 4 cents (2002: 5 cents) per share less tax at 20% (2002: 22%) amounting to a net dividend of \$80,555,197 (2002: \$98,176,646). The dividends have not been provided for.

Final dividend of \$98,176,646 in respect of 2002 (2001: \$58,905,985) have been paid in 2003.

41. Notes to the Consolidated Statement of Cash Flows

(a) Acquisition of Subsidiaries

(i) On 27 October 2003 the shareholders of a subsidiary, Australand Holdings Limited ("AHL"), approved resolutions to form a stapled entity to be known as Australand Property Group ("APG") which comprises Australand Holdings Limited and its subsidiaries and Australand Property Trust ("APT") and its subsidiaries. The Group now holds "stapled securities" (one share in AHL and one unit in APG equal one APG stapled security) and the stapled securities cannot be traded or dealt with separately. APG is engaged in property development, investment in income producing commercial and industrial properties, property trust management and property management. The basis of financial statements of APG has been prepared for the 12 months to 31 December 2003 for AHL and its subsidiaries, aggregated with APT and its subsidiaries, which has been prepared for the period since APT was constituted on 14 September 2003 to 31 December 2003, and after taking into account of certain requirements of FRS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

Subsequent to the formation of APG, APT acquired control of Australand Wholesale Property Trust ("AWPT") and Australand Wholesale Property Trust No. 2 ("AWPT 2"). The acquired entities contributed net profit of \$6.1 million to the Group in 2003. The cash flows and net assets of AWPT and AWPT 2 are provided in note 41(c) below.

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41. Notes to the Consolidated Statement of Cash Flows (cont'd)

(a) Acquisition of Subsidiaries (cont'd)

- (ii) During 2002, the Group's acquisition of subsidiaries related mainly to Beijing Ruihua Property Development Co., Ltd ("BRPD"). BRPD is engaged in property development. The acquisition was accounted for using the purchase method of consolidation. BRPD remained inactive between the date of acquisition and 31 December 2002 and the net results contributed to the Group were insignificant.

The cash flow and the net assets of subsidiaries acquired are provided in note 41(c) below.

(b) Disposal of Subsidiaries

- (i) On 3 July 2003, the Group disposed of its entire equity interest in Browns Hotel Ltd ("Browns") for a cash consideration of \$160.9 million. Browns contributed a net loss of \$0.3 million to the Group for the period from 1 January to 3 July 2003.
- (ii) During 2002, the Group disposed of several subsidiaries for a total consideration of \$102.3 million, of which a portion of this was received in 2003. The disposed subsidiaries previously contributed \$1.5 million to the Group.

The cash flow and the net assets of subsidiaries disposed are provided in note 41(d) below.

(c) Net effect of acquisition of subsidiaries

	2003 \$'000	2002 \$'000
Investment properties	441,119	–
Property, plant and equipment	–	190
Current assets	6,685	10,188
Current liabilities	(3,701)	(786)
Interest bearing liabilities	(248,454)	–
Minority interests	–	(6,133)
	195,649	3,459
Previous equity interest at acquisition at fair value	(33,425)	–
Net assets acquired	162,224	3,459
Premium on acquisition written off	4,655	–
Goodwill arising on consolidation	–	(17)
Purchase consideration	166,879	3,442
Less:		
Cash of subsidiaries acquired	(3,567)	(1)
Issuance of shares to acquire subsidiaries	(22,401)	–
Cash outflow on acquisition of subsidiaries	140,911	3,441

41. Notes to the Consolidated Statement of Cash Flows (cont'd)

(d) Net effect of disposal of subsidiaries

	2003 \$'000	2002 \$'000
Property, plant and equipment	119,395	147,491
Investment properties	–	965,690
Properties under development	–	193,384
Current assets	13,350	52,113
Current liabilities	(2,178)	(416,125)
Non-current liabilities	–	(180,562)
Minority interests	–	(103,675)
Net assets	130,567	658,316
Less:		
Equity interest retained as associated and joint venture companies	–	(246,058)
Net assets disposed	130,567	412,258
Provision for put option/income support and profit warranty	–	2,600
Realisation of reserves	(16,880)	(102,854)
Gain on disposal of subsidiaries	46,374	157,502
Sale consideration	160,061	469,506
Less:		
Cash of subsidiaries disposed	(10,423)	(35,785)
Purchase consideration deferred	–	(20,394)
Cash inflow on disposal of subsidiaries	149,638	413,327
Add:		
Deferred sale consideration received in relation to previous year's disposal of subsidiaries	52,167	–
Cash inflow on disposal of subsidiaries	201,805	413,327
Net cash inflow on acquisition/disposal of subsidiaries	60,894	409,886

42. Commitments

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

(a) Operating Lease

Future minimum lease payments for the Group and the Company on non-cancellable operating leases with a term of more than one year are as follows:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Lease payments payable:				
Within 1 year	88,902	76,195	1,077	910
From 1 to 2 years	70,175	76,549	1,075	53
From 2 to 5 years	268,124	178,589	555	–
After 5 years	500,347	294,196	–	–
	927,548	625,529	2,707	963

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Lease payments receivable:				
Within 1 year	226,611	244,410	–	–
From 1 to 2 years	144,037	155,932	–	–
From 2 to 5 years	160,043	163,191	–	–
After 5 years	374,498	342,439	–	–
	905,189	905,972	–	–

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42. Commitments (cont'd)

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(b) Commitments				
Commitments in respect of:				
- capital expenditure contracted but not provided for in the financial statements	476,327	16,891	-	-
- capital expenditure authorised but not committed	46,608	56,143	-	-
	522,935	73,034	-	-
Commitments in respect of:				
- development expenditure contracted but not provided for in the financial statements	406,027	618,536	-	-
- development expenditure authorised but not committed	138,936	165,493	-	-
	1,067,898	857,063	-	-
Commitments in respect of:				
- capital contribution/acquisition of associated, joint venture and investee companies	147,232	339,816	-	-
- shareholders' loan committed to associated, joint venture and investee companies	-	42,440	-	-
- forward foreign exchange contracts	428,434	282,244	-	-
	1,643,564	1,521,563	-	-

(c) As at the balance sheet dates, the Group and the Company had entered into interest rate caps and interest rate swaps with notional principal values as follows:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Interest rate caps	31,889	27,393	-	-
Interest rate swaps	2,527,338	1,296,223	245,000	245,000
	2,559,227	1,323,616	245,000	245,000

The maturity dates of these interest rate caps and interest rate swaps contracts are:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Within 1 year	650,985	415,736	60,000	-
From 1 to 2 years	516,750	412,515	100,000	60,000
From 2 to 5 years	1,226,905	382,935	-	100,000
After 5 years	164,587	112,430	85,000	85,000
	2,559,227	1,323,616	245,000	245,000

43. Contingent Liabilities (Unsecured)

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
(a) Guarantees issued on behalf of:				
- subsidiaries	-	-	53,529	346,176
- associated companies	141,419	228,428	-	-
- joint venture companies	129,597	21,479	494	-
- partnership	5,913	6,601	-	-
Others	-	9,955	-	-
	276,929	266,463	54,023	346,176

43. Contingent Liabilities (Unsecured) (cont'd)

- (b) A subsidiary of the Group provided an interest servicing guarantee, to the extent of its share of investment, in respect of a \$300 million (2002: \$300 million) bank loan granted to a joint venture company.
- (c) A subsidiary of the Group provided a completion undertaking, cost overrun undertaking and interest shortfall undertaking to the extent of its share of investment, in respect of a \$230 million (2002: Nil) bank loan granted to certain associated companies. In addition, the subsidiary provided a cash cover undertaking of approximately \$0.7 million (2002: Nil) in respect of a bank guarantee for these associated companies.
- (d) A stapled entity of the Group, Australand Property Group ("APG"), provided rental guarantees and income support arrangements to tenants and owners of various residential and commercial buildings, which APG is developing or has completed development on. These arrangements require APG to guarantee the rental income of these properties for certain periods of time. As at the date of this report, the management is of the opinion that based on the current sub-lease proposals and forecasted sub-lease commitments, together with the allowances made within the development budgets for these property developments, adequate allowance has been made in the financial statements for these potential obligations.
- (e) Subsidiary, Australand Holdings Limited ("AHL"), entered into a rental support deed with the co-owners of the Freshwater Commercial Tower, whereby Australand has agreed for the first 5 years after Practical Completion (estimated to be February 2005) to guarantee the rent for the vacant tenancies as at Practical Completion. As at the date of this report, the total rent support, based upon the existing tenancy profile is A\$12.1 million per annum. The guaranteed income amounts escalate at the rate of 3.35% per annum. The management is of the opinion that based on the current sub-lease proposals and forecasted sub-lease commitments, together with the allowances made within the development forecasts for this project, adequate allowance has been made for these potential obligations.
- (f) Subsidiary, AHL, provided certain guarantees to Australand Wholesale Property Trust No. 4 which include:
- Providing an underwritten yield of 8.75% per annum up to 30 June 2004 and 9.00% from 1 July 2004 up to and including Practical Completion of the last property completed. It is estimated that this obligation will cease in February 2005.
 - Ensuring that establishment costs of the Trust do not exceed a pre-determined maximum value. AHL is required to reimburse the Trust for any establishment costs exceeding these amounts.
 - Controlling, managing and underwriting the development of each property so that the Trust bears minimal development and construction risk for properties under development.
 - Guaranteeing the first year's rent should a tenant not take occupation as a result of a Trust property not being completed and becoming available to the tenant in accordance with the agreement to lease.

In addition, further rental guarantees have been provided in respect of an existing development project, Freshwater Commercial Tower (note 43(e)).

- (g) Subsidiary, AHL, provided certain guarantees to Australand Wholesale Property Trust No. 5 which include:
- Providing an underwritten yield of 8.50% per annum up to including Practical Completion of the last property completed. It is estimated that this obligation will cease by 31 October 2004.
 - Ensuring that establishment costs of the Trust do not exceed a pre-determined maximum value. AHL is required to reimburse the Trust for any establishment costs exceeding these amounts.
 - Controlling, managing and underwriting the development of each property so that the Trust bears minimal development and construction risk for properties under development.
 - Guaranteeing the first year's rent should a tenant not take occupation as a result of a Trust property not being completed and becoming available to the tenant in accordance with the agreement to lease.

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43. Contingent Liabilities (Unsecured) (cont'd)

(h) Subsidiary, Somerset Development Pte Ltd ("SDPL"), entered into a contractual joint venture with Springleaf Tower Limited ("STL") to develop Springleaf Tower. In order to facilitate the sale of the floors beneficially owned by STL, SDPL appointed STL as its attorney. Subsequently, STL and its director executed a sale and purchase agreement to "assign" the 23rd floor of the development to its sub-contractor as payment in lieu. The assignment was, however, not free from encumbrance and hence, the sub-contractor is claiming against SDPL, being a co-developer of the project, for the recovery of construction costs owed by STL of approximately \$15.0 million.

The High Court of Singapore had, on 1 December 2003, dismissed the sub-contractor's claims with costs. However, the sub-contractor filed an appeal on 22 December 2003.

Based on legal advice, SDPL has strong defence and accordingly no provision has been made in respect of the claim.

44. Significant Related Party Transactions

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Subsidiaries				
Management fee income	-	-	28,636	25,880
Rental expense	-	-	(1,025)	(1,027)
Other Related Corporations				
Rental income	10,665	10,381	3	16
Acquisition of additional stake in subsidiary	-	(3,427)	-	-
Management and agency fee income	1,020	1,632	-	-
Management consultancy services	(808)	(3,221)	(202)	(923)
Purchase of air-tickets, IT related services and others	(3,198)	(2,955)	(775)	(779)
Rooms, food and beverage and other incidental income	5,182	2,439	-	-
Immediate Holding Company				
Management fee expense	(7,250)	(7,250)	(7,250)	(7,250)
Rental income	1,382	1,499	-	-
Ultimate Holding Company				
Rental income	3,307	3,503	-	-
Associated Companies and Joint Ventures				
Management fee income	21,991	21,372	-	-
Rental expense	(44,247)	(52,676)	(59)	(130)
Accounting service fee, marketing income and others	11,126	2,335	(32)	(57)
Construction and project management income	84,373	-	-	-
Directors and their associates				
Sale of a residential property	296	-	-	-
One-off payment pursuant to a subsidiary's retirement gratuity scheme given to a former Executive Director of the said subsidiary	2,319	-	-	-

45. Financial Instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to interest rate, foreign currency, credit and liquidity risks arising from its diversified portfolio business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. As a whole, the Group has implemented risk management policies and guidelines which set out its tolerance of risk and its general risk management philosophy. In connection with this, the Group has established a framework and process to monitor the exposures so as to ensure appropriate measures can be implemented on a timely and effective manner.

(b) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

The investment in financial products are mainly short term in nature and they are not held or issued for trading or speculative purposes but were mainly placed in fixed deposits or short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps and caps to minimise its exposure to interest rate volatility.

(c) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Australian dollars, Chinese renminbi, Euros, Hong Kong dollars, Japanese yen, Sterling pounds, Swiss francs and United States dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

In relation to its overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

(d) Credit risk

The Group has a diversified portfolio of businesses and at balance sheet date, there were no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Investments and financial transactions are restricted with counterparties that meet the appropriate credit criteria and of high credit standing.

(e) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

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year ended 31 December 2003

45. Financial Instruments (cont'd)

(f) 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 dates and the periods in which they reprice.

The Group	Note	Effective interest rate %	2003				Effective interest rate %	Total \$'000	2002		
			Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000			Total \$'000	Within 1 year \$'000	1 to 5 years \$'000
Financial assets											
Interest bearing loans to:											
– associated companies	8	1.00 – 20.00	461,050	110,778	–	350,272	1.00 – 8.00	260,349	31	–	260,318
– joint venture companies	9	1.81 – 7.50	239,658	134,972	–	104,686	1.85 – 11.75	557,169	93,489	66,755	396,925
– investee companies	11	1.00 – 6.00	49,476	2,340	7,462	39,674	1.50 – 6.00	44,253	44,253	–	–
– third parties	12	8.75	14,771	–	14,771	–	8.75	13,939	13,939	–	–
Cash and cash equivalents		0.02 – 5.34	1,210,590	1,210,590	–	–	0.31 – 4.65	822,877	822,877	–	–
Total			1,975,545	1,458,680	22,233	494,632		1,698,587	974,589	66,755	657,243
Financial liabilities											
Bank overdraft	19	4.25	720	720	–	–	4.50 – 9.00	3,410	3,410	–	–
Short term loans:											
– fixed rate	27	1.35 – 4.70	135,041	135,041	–	–	1.70 – 3.10	280,235	280,235	–	–
– floating rate	27	0.48 – 7.21	916,827	916,827	–	–	1.25 – 6.93	952,634	952,634	–	–
– effect of interest rate swaps		4.01	–	(185,000)	100,000	85,000	5.12	–	(10,000)	10,000	–
Term loans:											
– fixed rate	28	0.87 – 4.75	664,353	4,020	660,333	–	0.87 – 8.55	532,617	–	532,617	–
– floating rate	28	0.75 – 9.15	3,246,484	3,246,484	–	–	2.04 – 8.50	1,925,508	1,925,508	–	–
– effect of interest rate swaps		0.45	–	(2,066,335)	2,066,335	–	0.57	–	(580,591)	580,591	–
Debt securities:											
– fixed rate	29	0.63 – 8.47	1,953,086	660,376	1,112,710	180,000	0.63 – 8.50	2,674,168	873,250	1,110,918	690,000
– floating rate	29	0.75 – 2.52	631,823	631,823	–	–	0.69 – 2.38	408,666	408,666	–	–
– effect of interest rate swaps			–	–	–	–	3.75	–	(245,000)	160,000	85,000
Interest bearing loan from:											
– related corporation	26		–	–	–	–	1.87 – 2.33	130	130	–	–
– minority interest	34	1.62 – 6.66	86,669	86,669	–	–	2.63 – 8.50	118,675	109,967	8,708	–
Total			7,635,003	3,430,625	3,939,378	265,000		6,896,043	3,718,209	2,402,834	775,000
The Company	Note	Effective interest rate %	2003				Effective interest rate %	Total \$'000	2002		
			Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000			Total \$'000	Within 1 year \$'000	1 to 5 years \$'000
Financial assets											
Fixed deposits	19	0.31 – 0.56	492,384	492,384	–	–	0.63 – 0.81	340,600	340,600	–	–
Interest bearing loan to subsidiaries	7	1.93 – 5.94	2,256,196	595,225	1,660,971	–	1.00 – 2.19	2,194,794	537,370	1,657,424	–
Total			2,748,580	1,087,609	1,660,971	–		2,535,394	877,970	1,657,424	–
Financial liabilities											
Unsecured short term loans:											
– fixed rate	27	1.35 – 1.68	88,000	88,000	–	–	1.70 – 2.18	257,000	257,000	–	–
– floating rate	27	1.20 – 1.55	278,729	278,729	–	–	1.65 – 4.00	25,660	25,660	–	–
– effect of interest rate swaps		4.01	–	(185,000)	100,000	85,000		–	–	–	–
Unsecured term loans:											
– floating rate loan	28	4.39 – 5.94	270,650	270,650	–	–	2.36 – 4.00	276,653	276,653	–	–
Debt securities:											
– fixed rate	29	0.63 – 7.50	1,108,960	490,250	618,710	–	0.63 – 7.50	1,156,743	264,750	800,993	91,000
– floating rate	29	0.88 – 1.83	121,250	121,250	–	–	0.75 – 1.75	66,250	66,250	–	–
– effect of interest rate swaps			–	–	–	–	3.75	–	(245,000)	160,000	85,000
Interest bearing loan from subsidiaries	7	0.63 – 0.68	1,227,134	45,203	1,181,931	–	1.00 – 5.60	1,253,648	24,821	1,228,827	–
Total			3,094,723	1,109,082	1,900,641	85,000		3,035,954	670,134	2,189,820	176,000

45. Financial Instruments (cont'd)

(g) Sensitivity analysis

In managing its exposure to interest rate, foreign currency, credit and liquidity risks, the Group strives to prudently balance its portfolio so as to minimise its impact on earnings.

As at balance sheet date, it is estimated that a 1 percentage point change in interest rates would affect the Group's profit before tax by approximately \$33.4 million (2002: \$36.1 million).

(h) Fair values

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 December are represented in the following table:

	Note	Carrying amount 2003 \$'000	Fair value 2003 \$'000	Carrying amount 2002 \$'000	Fair value 2002 \$'000
The Group					
Financial assets					
Quoted equity securities	11(a), (b)	57,408	54,374	57,740	36,240
Quoted bonds/debt securities	11(a), (b)	2,000	2,000	8,810	8,261
		59,408	56,374	66,550	44,501
Financial liabilities					
Fixed rate long term liabilities					
– secured bank loans		384,586	388,279	368,384	380,146
– unsecured bank loans		275,747	273,912	164,233	169,628
– secured debt securities		–	–	650,000	717,861
– unsecured debt securities		1,292,710	1,321,066	1,150,918	1,212,395
		1,953,043	1,983,257	2,333,535	2,480,030
The Company					
Fixed rate long term unsecured debt securities		618,710	654,309	891,993	935,654

The fair value of long term quoted securities is their quoted bid price at the balance sheet date. For other financial instruments, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments not included in note 45(h) above.

(i) Floating interest bearing loans

No fair value is calculated as the Group believes that the carrying amounts of floating interest bearing loans which are repriced within 6 months from the balance sheet date reflect the corresponding fair values.

(ii) Cash and Cash Equivalents, Current Investments, Trade and Other Receivables, Short Term Borrowings, Trade and Other Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(iii) Non-Current Unquoted Investments

It is not practical to estimate the fair values of the Group's long term unquoted equity and bond investments because of the lack of quoted market prices. However, the Group does not anticipate the carrying amounts recorded to be significantly in excess of their fair values at the balance sheet date.

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45. Financial Instruments (cont'd)

(h) Fair values (cont'd)

(iv) Non-Current Loans Due from/to Subsidiaries, Associated Companies, Joint Venture Companies, Investee Companies and Minority Shareholders

It is not practical to estimate the fair value of non-current loan accounts due principally to a lack of fixed or repayment term entered by the parties involved. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(v) Unrecognised Financial Instruments

The valuation of financial instruments not recognised in the balance sheet detailed in this note reflects amounts which the Group expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at the balance sheet date.

The notional amount and net fair value of financial instruments not recognised in the balance sheet as at the balance sheet date:

	Note	Notional amount 2003 \$'000	Net fair value (payable)/ receivable 2003 \$'000	Notional amount 2002 \$'000	Net fair value (payable)/ receivable 2002 \$'000
The Group					
Interest rate swap agreements	42(c)	2,527,338	(24,583)	1,296,223	(45,646)
Forward foreign exchange contracts	42(b)	428,434	1,204	282,244	424
		2,955,772	(23,379)	1,578,467	(45,222)
The Company					
Interest rate swap agreements	42(c)	245,000	(17,498)	245,000	(29,221)

46. Subsidiaries

(a) The subsidiaries directly held by the Company set out below are incorporated and conducting business in the Republic of Singapore:

Subsidiaries	Class of Shares	Percentage Held by the Company		Cost of Investments	
		2003 %	2002 %	2003 \$'000	2002 \$'000
Alexandrite Land Pte Ltd	Ordinary	100	100	*	*
	Redeemable Preference	100	100	4,200	4,200
Areca Investment Pte Ltd	Ordinary	100	100	1,000	1,000
	Redeemable Preference	100	100	674,150	674,150
Beauty World Pte Ltd	Ordinary	100	100	36,280	36,280
Capital Tower Pte Ltd	Ordinary	100	100	40,903	40,903
	Redeemable Preference	100	100	158,503	158,503
CapitaLand Asia Pte Ltd (formerly known as Somerset International Holdings Pte Ltd)	Ordinary	100	100	*	*
CapitaLand Commercial Limited	Ordinary	100	100	1,316,031	1,316,031
	Redeemable Preference	100	100	500,000	500,000
Balance carried forward				2,731,067	2,731,067

46. Subsidiaries (cont'd)

Subsidiaries	Class of Shares	Percentage Held by the Company		Cost of Investments	
		2003 %	2002 %	2003 \$'000	2002 \$'000
Balance brought forward				2,731,067	2,731,067
CapitaLand Corporate Investments Pte Ltd	Ordinary	100	100	*	*
CapitaLand Financial Limited (formerly known as CapitaLand Financial Holdings Ltd)	Ordinary	100	–	*	–
CapitaLand Financial Services Limited (formerly known as CapitaLand Financial Limited)	Ordinary	–	100	–	1,000
CapitaLand Property Services Holdings Pte Ltd	Ordinary	100	100	*	*
CapitaLand Raffles Investment Pte Ltd	Ordinary	100	100	*	*
	Redeemable Preference	100	100	59,296	59,296
CapitaLand Realty Pte Ltd	Ordinary	100	100	*	*
CapitaLand Residential Limited	Ordinary	100	100	1,000,000	1,000,000
	Redeemable Preference	100	100	2,000,000	2,000,000
ECORE Research Pte Ltd	Ordinary	100	100	*	*
Hill Street Centre Pte Ltd	Ordinary	100	100	6,460	6,460
	Redeemable Preference	100	100	5,400	5,400
pFission Pte Ltd	Ordinary	100	100	2,000	2,000
Pidemco Land (Indonesia) Pte Ltd	Ordinary	100	100	*	*
Somerset Capital Pte Ltd	Ordinary	100	100	*	*
Somerset Land Pte Ltd	Ordinary	100	100	*	*
Stamford Holdings Pte Ltd	Ordinary	100	100	69,489	69,489
				5,873,712	5,874,712

(b) Other significant subsidiaries in the Group are:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2003 %	2002 %
(i) Jointly held by Areca Investment Pte Ltd and CapitaLand Corporate Investments Pte Ltd:				
2 Raffles Holdings Limited	Investment holding	Singapore	60.1	60.1
(ii) Jointly held by Raffles Holdings Limited and CapitaLand Corporate Investments Pte Ltd:				
2 RC Hotels (Pte) Ltd	Hotel operator	Singapore	64.1	64.1
(iii) Directly held by RC Hotels (Pte) Ltd:				
2 RC Spa Pte Ltd	Health club operator	Singapore	64.1	64.1

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46. Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2003 %	2002 %
(iv) Jointly held by Areca Investment Pte Ltd, Somerset Capital Pte Ltd and Somerset Land Pte Ltd:				
The Ascott Group Limited	Investment holding, property investment and the management of commercial, residential and serviced apartment properties	Singapore	68.8	68.9
(v) Jointly held by CapitaLand Residential Limited and The Ascott Group Limited:				
1 Shanghai Xin Wei Property Co., Ltd	Property development	The People's Republic of China	85	85
(vi) Directly held or indirectly held by CapitaLand Financial Limited:				
CapitaLand Financial Services Limited (formerly known as CapitaLand Financial Limited)	Investment holding and advisory services	Singapore	100	–
CapitaLand Fund Investment Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Fund Management Limited	Investment holding, fund and property management	Singapore	100	100
CapitaLand RECM Pte. Ltd.	Investment holding, fund and investment management	Singapore	100	100
CapitaMall Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
CapitaRetail Singapore Management Pte Ltd (formerly known as RECM EOF Pte. Ltd.)	Property fund and investment management and advisory services	Singapore	100	100
(vii) Directly or indirectly held by CapitaLand Residential Limited:				
Ausprop Holdings Limited	Investment holding	Singapore	100	100
1 Australand Holdings Limited	Property investment, development and investment holding	Australia	57.5	58.5
1 Australand Property Trust	Property trust	Australia	57.5	–
CapitaLand China Holdings Pte Ltd	Investment holding	Singapore	100	100
CRL (HK) Pte Ltd	Investment holding	Singapore	100	100
CRL Realty Pte Ltd	Property development and investment holding	Singapore	100	100
Hua Yuan Holdings Pte Ltd	Investment holding	Singapore	70	70
1 Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	Property development	The People's Republic of China	66.5	66.5
1 Shanghai Xin Xu Property Development Co., Ltd	Property development	The People's Republic of China	99	99
(viii) Directly or indirectly held by CapitaLand Commercial Limited:				
Amethyst Holdings Pte Ltd	Investment holding	Singapore	100	100
Anatase Pte Ltd	Investment holding	Singapore	100	100
Calomel Pte Ltd	Investment holding	Singapore	100	100

46. Subsidiaries (cont'd)

Name of Company		Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2003 %	2002 %
(viii) Directly or indirectly held by CapitaLand Commercial Limited: (cont'd)					
	CapitaLand Commercial Project Management Pte Ltd	Project management, development and consultancy	Singapore	100	100
	CapitaLand (Office) Investments Pte Ltd	Investment holding	Singapore	100	100
	Clarke Quay Pte Ltd	Property investment	Singapore	100	100
2	Clover Properties Pte Ltd	Property investment	Singapore	100	100+
	Plaza Singapura (Private) Limited	Investment holding and property investment	Singapore	100	100
	Premier Health Holding Pte Ltd	Investment holding	Singapore	100	100
	Pyramex Investments Pte Ltd	Investment holding	Singapore	100	100
1	Shanghai Huteng Real Estate Co., Ltd	Property investment and development	The People's Republic of China	100	75
	Temasek Tower Limited	Property investment	Singapore	90	90
	Thomson Plaza (Private) Limited	Property investment	Singapore	100	100
	Wan Tien Realty (Pte) Ltd	Property investment	Singapore	100	100
(ix) Directly or indirectly held by CapitaLand Property Services Holdings Pte Ltd:					
	ESMACO International Pte Ltd	Contact centre and home services	Singapore	51	51
	ESMACO Pte Ltd	Estate and building management and related services	Singapore	51	51
	ESMACO Township Management Pte Ltd	Real estate and township management	Singapore	51	51
	LandArt Pte Ltd	Building contracts, administration and related services	Singapore	51	51
	PREMAS International Limited	Property management and related services	Singapore	100	100
1	PT. PREMAS International	Property management and related services	Indonesia	100	100
	RESMA Engineering Services Pte Ltd	Engineering services	Singapore	51	51
	RESMA Property Services Pte Ltd	Estate and building management and related services	Singapore	51	51
(x) Directly or indirectly held by Raffles Holdings Limited:					
4	Burton Way Hotel, Inc	Hotel owner and operator	United States of America	60.1	60.1
2	hospitalitybex pte ltd	Operation of e-procurement portal	Singapore	46.7	46.7
2	Hotels & Resorts (UK) Ltd	Investment holding	United Kingdom	60.1	60.1
2	Hotel International AG	Hotel owner and operator	Switzerland	60	60
2	Hotel "Vier Jahreszeiten" von Friedrich Haerlin GmbH	Hotel operator	Germany	60.1	60.1

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year ended 31 December 2003

46. Subsidiaries (cont'd)

Name of Company		Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2003 %	2002 %
(x) Directly or indirectly held by Raffles Holdings Limited: (cont'd)					
2	Le Plaza Basel AG	Hotel owner and operator	Switzerland	49.5	49.5
2	MCH (Sydney) Trust	Hotel owner and operator	Australia	36	36
2	Merchant Quay Pte Ltd	Hotel owner and operator	Singapore	60.1	60.1
2	Raffles Grand Hotel Pte Ltd	Hotel owner and operator	Cambodia	60.1	60.1
2	Raffles Hotel (1886) Ltd	Hotel owner, operator and property investment	Singapore	60.1	34.1
2	Raffles International Limited	Hotel management and management of tourism related activities	Singapore	60.1	60.1
2	Raffles Royal Hotel Pte Ltd	Hotel owner and operator	Cambodia	60.1	60.1
2	Rheinpark Plaza Neuss GmbH	Hotel owner and operator	Germany	60	60
2	Société Montreux-Palace S.A.	Hotel owner and operator	Switzerland	50.3	50.3
2	Sodereal Holding S.A.	Investment holding	Switzerland	60	60
2	Swissôtel Amsterdam B.V.	Hotel operator	The Netherlands	60	60
2	Swissôtel Berlin GmbH	Hotel operator	Germany	60	60
2	Swissôtel Holding AG	Investment holding	Switzerland	60.1	60.1
2	Swissôtel Management AG	Hotel management and management of tourism related activities	Switzerland	60.1	60.1
4	Swissôtel Management Corporation	Hotel management and management of tourism related activities	United States of America	60.1	60.1
4	Swissôtel Management (South America) L.L.C.	Hotel management and management of tourism related activities	United States of America	60.1	60.1
4	Swissôtel Management (USA) L.L.C.	Hotel management and management of tourism related activities	United States of America	60.1	45
2	Swissôtel Osaka Nankai K.K.	Hotel operator	Japan	60.1	–
2	"Vier Jahreszeiten" Grundstücksgesellschaft m.b.H.	Hotel owner	Germany	60.1	60.1
(xi) Directly or indirectly held by The Ascott Group Limited:					
1	Ascott Hospitality Management (UK) Limited	Management of serviced apartments	United Kingdom	68.8	68.9
	Ascott International Management (2001) Pte Ltd	Investment holding and management of serviced apartments	Singapore	68.8	68.9
3	Ascott International Management (Thailand) Limited	Management of serviced apartments	Thailand	68.8	68.9
1	Ascott International Management (N.Z.) Pte Limited	Management of serviced apartments	New Zealand	68.8	68.9
1	Ascott Property Management (Beijing) Co., Ltd	Property management	The People's Republic of China	68.8	68.9

46. Subsidiaries (cont'd)

Name of Company		Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
				2003 %	2002 %
(xi) Directly or indirectly held by The Ascott Group Limited: (cont'd)					
1	Ascott Property Management (Shanghai) Co., Ltd	Property management	The People's Republic of China	68.8	68.9
	Cairnhill Place (1999) Limited	Property investment	Singapore	68.8	68.9
1	EuroResidence 1 SARL	Investment holding	France	68.8	68.9
1	EuroResidence 2 SAS	Dormant	France	68.8	68.9
1	Guangzhou F.C. Golf & Country Club Co., Ltd	Development and operation of a golf and country club	The People's Republic of China	48.2	48.2
1	Hanoi Tower Center Company Ltd	Property investment	Vietnam	41.8	41.9
	Hua Xin Residences Pte Ltd	Property investment and investment holding	Singapore/ The People's Republic of China	68.8	68.9
1	Oakford Australia Pty Ltd	Property management	Australia	68.8	68.9
1	PT Bumi Perkasa Andhika	Property development and management	Indonesia	58.5	58.6
3	PT Ciputra Liang Court	Property development and investment	Indonesia	39.5	39.5
1	P.T. Indonesia America Housing	Property investment	Indonesia	68.8	68.9
1	Saigon Office and Serviced Apartment Company Limited	Property investment	The Socialist Republic of Vietnam	27.7	27.7
1	Scotts Pinic Food Court Sdn Bhd	Food court and centre management	Malaysia	68.8	68.9
	Somerset Investments Pte Ltd	Property investment and investment holding	Singapore	68.8	68.9
1	SQ Resources, Inc.	Property investment	Philippines	44.3	44.3
	The Ascott Capital Pte Ltd	Investment trading	Singapore	68.8	68.9
	The Ascott Group (Europe) Pte Ltd	Investment holding	Singapore	68.8	68.9
	The Ascott Heritage Pte Ltd	Property investment	Singapore	68.8	68.9
1	Wuhan New Minzhong Leyuan Co., Ltd	Property development and investment	The People's Republic of China	48.2	48.2

Notes:

- 1 Audited by other member firms of KPMG International.
- 2 Audited by PricewaterhouseCoopers, Singapore and its associated firms.
- 3 Audited by Ernst & Young, Singapore and its associated firms.
- 4 Audited by PKF International Limited.
- * Cost of investment of less than \$1,000.
- + Quasi-subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

year ended 31 December 2003

47. Associated Companies

Details of significant associated companies are as follows:

Associated Companies	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2003 %	2002 %
(i) Indirectly held by CapitaLand Financial Limited:				
3 I. P. Property Fund Asia Limited	Investment in real estate	Guernsey	20	20
CapitaLand China Residential Fund Ltd	Investment in real estate	Singapore	42.7	–
(ii) Indirectly held by CapitaLand Residential Limited:				
2 Bangi Heights Development Sdn. Bhd.	Property investment and development	Malaysia	45.2	45.2
2 United Malayan Land Bhd	Investment holding	Malaysia	21.6	21.6
2 Wingem Investment Pte Ltd	Property investment and development	Singapore	25	25
2 Winpeak Investment Pte Ltd	Property investment and development	Singapore	25	25
(iii) Indirectly held by CapitaLand Commercial Limited:				
CapitaMall Trust	Property investment	Singapore	32.2	33.3
(iv) Indirectly held by CapitaLand Property Services Holdings Pte Ltd:				
3 Bugis Junction Asset Management Pte Ltd	Property management and consultancy services	Singapore	42.9	42.9
4 Cushman & Wakefield PREMAS Real Estate Consultants (Shanghai) Co., Ltd.	Real estate valuation and agency services	The People's Republic of China	49	49
1 PREMAS (THAILAND) CO., LTD.	Asset and facility management	Thailand	49	–
(v) Directly held by Raffles Holdings Limited:				
2 Tincel Properties (Private) Limited	Real estate investment and management	Singapore	27	27
(vi) Directly or indirectly held by The Ascott Group Limited:				
1 Amanah Scotts Sdn Bhd	Investment holding, property development and management	Malaysia	34.4	34.5
2 Hemliner Pte Ltd	Investment holding	Singapore	20.7	20.7

Notes:

- 1 Audited by other member firms of KPMG International.
- 2 Audited by PricewaterhouseCoopers, Singapore and its associated firms.
- 3 Audited by Ernst & Young, Singapore and its associated firms.
- 4 Audited by Shu Lun Pan Certified Public Accountants Co., Ltd.

48. Joint Venture Companies

Details of significant joint venture companies are as follows:

Joint Venture Companies		Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
				2003 %	2002 %
(i) Indirectly held by the Company:					
	CapitaLand-Raffles Properties Pte Ltd	Property development and investment	Singapore	50	50
(ii) Indirectly held by CapitaLand Residential Limited:					
1	Chymont Pty Limited	Property development	Australia	28.8	29.3
1	Glenwood Land Pty Ltd	Property development	Australia	28.8	29.3
	Riverwalk Promenade Pte Ltd	Property investment and development	Singapore	50	50
1	The Woolloomooloo Unit Trust	Property development	Australia	28.8	29.3
1	Trust Project No. 11 Unit Trust	Property development	Australia	28.8	29.3
1	W9 & 10 Construction Stage 3A Pty Ltd	Property development	Australia	28.8	29.3
1	W9 & 10 Stage 1 Pty Limited	Property development	Australia	–	29.3
1	W9 & 10 Stage 2 Pty Limited	Property development	Australia	28.8	29.3
1	W9 & 10 Stage 4 Pty Limited	Property development	Australia	28.8	29.3
(iii) Indirectly held by CapitaLand Commercial Limited:					
	Eureka Office Fund Pte Ltd	Investment holding	Singapore	50	50
(iv) Indirectly held by The Ascott Group Limited:					
1	Ascott Dilmun Holdings Limited	Investment holding	United Kingdom	34.4	34.5
3	IP Thai Property Fund	Property investment	Thailand	20.7	20.7
1	Mekong-Hacota Joint Venture Co., Ltd	Property development and management	The Socialist Republic of Vietnam	44.1	44.1
2	Oriville SAS	Investment holding	France	34.4	–
3	Sathorn Supsin Co., Ltd	Property development and investment	Thailand	20.7	–
3	Siam Real Estate Fund	Property investment	Thailand	27.5	27.6

Notes:

- 1 Audited by other member firms of KPMG International.
- 2 Audited by PricewaterhouseCoopers, Singapore and its associated firms.
- 3 Audited by Ernst & Young, Singapore and its associated firms.

NOTES TO THE FINANCIAL STATEMENTS

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49. Segment Reporting (Group)

(a) Business Segments

2003	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Hotels \$'000	Property management \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Revenue								
External revenue	912,365	2,045,532	151,155	576,123	112,356	32,555	–	3,830,086
Inter-segment revenue	10,647	–	–	111	11,407	28,639	(50,804)	–
Total Revenue	923,012	2,045,532	151,155	576,234	123,763	61,194	(50,804)	3,830,086
Segmental Results								
Company and subsidiaries	150,528	286,641	19,381	27,457	8,997	44,689	–	537,693
Associated companies	79,371	5,171	1,866	(1,417)	(279)	(690)	–	84,022
Joint venture companies	(40,780)	13,283	8,027	–	–	664	–	(18,806)
Partnerships	(7,318)	–	–	–	–	–	–	(7,318)
Earnings before interest and taxation	181,801	305,095	29,274	26,040	8,718	44,663	–	595,591
Finance costs								(240,767)
Taxation								(150,292)
Minority interests								(99,278)
Net profit for the year								105,254
Significant Non-Cash Expenses								
– Depreciation	4,166	5,237	8,241	70,276	1,985	1,178	–	91,083
– Amortisation	574	–	(638)	1,661	–	–	–	1,597
Capital Expenditure	8,200	2,680	10,274	29,747	1,823	406	–	53,130
Assets and Liabilities								
Segment assets	5,694,865	4,610,129	1,186,770	1,566,560	77,719	1,019,176	–	14,155,219
Investment in								
– associated companies	1,192,147	139,826	34,478	323,996	414	50,349	–	1,741,210
– joint venture companies	778,375	70,288	384,721	–	–	36,359	–	1,269,743
– partnerships	51,241	–	–	–	–	–	–	51,241
Unallocated assets	–	–	–	–	–	–	–	340,987
Total Assets	7,716,628	4,820,243	1,605,969	1,890,556	78,133	1,105,884	–	17,558,400
Segment liabilities	3,595,773	1,487,114	652,850	390,113	46,359	2,160,492	–	8,332,701
Unallocated liabilities	–	–	–	–	–	–	–	1,164,092
Total Liabilities	3,595,773	1,487,114	652,850	390,113	46,359	2,160,492	–	9,496,793

49. Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

2002	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Hotels \$'000	Property management \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Revenue								
External revenue	672,861	1,769,341	152,964	549,356	107,685	9,472	–	3,261,679
Inter-segment revenue	14,307	–	–	87	11,220	26,003	(51,617)	–
Total Revenue	687,168	1,769,341	152,964	549,443	118,905	35,475	(51,617)	3,261,679
Segmental Results								
Company and subsidiaries	372,286	273,027	23,447	11,859	8,862	(3,013)	–	686,468
Associated companies	39,030	6,119	(2,553)	17,810	169	(2,541)	–	58,034
Joint venture companies	6,127	11,429	2,211	–	–	694	–	20,461
Partnerships	(6)	–	–	–	–	–	–	(6)
Earnings before interest and taxation	417,437	290,575	23,105	29,669	9,031	(4,860)	–	764,957
Finance costs								(283,981)
Taxation								(86,721)
Minority interests								(114,292)
Net profit for the year								279,963
Significant Non-Cash Expenses								
– Depreciation	6,766	7,207	9,982	64,277	1,915	1,592	–	91,739
– Amortisation	317	–	530	623	–	–	–	1,470
Capital Expenditure	6,355	7,973	11,163	56,077	3,537	738	–	85,843
Assets and Liabilities								
Segment assets	5,905,786	4,157,056	1,234,054	1,588,670	94,803	469,552	–	13,449,921
Investment in								
– associated companies	1,086,371	140,995	35,086	340,452	166	27,786	–	1,630,856
– venture companies	706,178	145,052	151,588	–	–	78,209	–	1,081,027
– partnerships	55,618	–	–	–	–	–	–	55,618
Unallocated assets	–	–	–	–	–	–	–	255,176
Total Assets	7,753,953	4,443,103	1,420,728	1,929,122	94,969	575,547	–	16,472,598
Segment liabilities	3,841,938	1,662,932	547,845	368,701	54,798	552,333	–	7,028,547
Unallocated liabilities	–	–	–	–	–	–	–	1,487,024
Total Liabilities	3,841,938	1,662,932	547,845	368,701	54,798	552,333	–	8,515,571

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49. Segment Reporting (Group) (cont'd)

(b) Geographical Segments

2003	Singapore \$'000	Australia and New Zealand \$'000	China \$'000	Other Asia [#] \$'000	Europe \$'000	Others [†] \$'000	Eliminations \$'000	Consolidated \$'000
Revenue	1,365,536	1,672,381	361,910	131,344	263,873	35,042	–	3,830,086
Earnings before interest and taxation *	111,196	186,213	185,119	69,961	38,561	4,541	–	595,591
Total Assets	10,863,804	2,593,751	1,188,034	1,464,219	1,319,494	129,098	–	17,558,400
Capital Expenditure	14,946	9,908	2,540	3,521	21,848	367	–	53,130
2002								
Revenue	1,268,627	1,220,924	340,996	120,243	274,317	36,572	–	3,261,679
Earnings before interest and taxation *	424,994	151,837	79,602	70,729	22,438	15,357	–	764,957
Total Assets	10,862,765	1,766,476	1,074,494	1,556,364	1,095,698	116,801	–	16,472,598
Capital Expenditure	30,143	4,373	339	11,162	38,437	1,389	–	85,843

(c) Strategic Business Units

2003	Commercial \$'000	Financial \$'000	Residential \$'000	The Ascott Group [^] \$'000	RHL Group & RCH [^] \$'000	Property Services Group \$'000	Others and consolidation adjustments \$'000	Consolidated \$'000
Revenue	400,895	40,863	2,560,101	200,245	546,020	123,763	(41,801)	3,830,086
Earnings before interest and taxation *	72,662	18,640	349,225	54,665	60,215	7,978	32,206	595,591
2002								
Revenue	439,896	29,546	1,964,930	228,748	519,158	118,905	(39,504)	3,261,679
Earnings before interest and taxation *	281,141	7,352	293,816	65,400	65,526	8,291	43,431	764,957

* Earnings before interest and taxation includes share of results from associated companies, joint venture companies and partnerships.

[#] The Group's operations in "Other Asia" include Indonesia, Hong Kong, Malaysia, Philippines, Thailand, Myanmar, Cambodia and Vietnam.

[†] The Group's operations in "Others" include the United States of America, South America and the Middle East/Mediterranean region.

[^] The figures differ from those reported by The Ascott Group and Raffles Holdings Group due to consolidation entries put through at CapitaLand Group level.

50. Subsequent Events

- (a) On 28 January 2004, Raffles Holdings Limited ("RH"), a subsidiary listed on the Singapore Exchange ("SGX-ST"), proposed a capital distribution of \$0.18 for each issued and paid-up share capital of RH amounting in aggregate to approximately \$374.4 million based on the issued and paid-up share capital of RH as at that date. The said distribution will be undertaken via a capital reduction in which RH's ordinary shares' par value will be reduced from \$0.50 per share to \$0.32 per share. Consequently, RH's issued and paid-up share capital will be reduced from approximately \$1,040 million to approximately \$666 million.

The capital reduction and the capital distribution are conditional upon, inter alia, the passing of a special resolution by shareholders at an extraordinary general meeting to be convened and the approval of all relevant regulatory authorities.

- (b) On 6 February 2004, the Company announced its proposal to establish Singapore's first commercial real estate investment trust, known as CapitaCommercial Trust ("CCT"), by transferring seven prime commercial properties in the Singapore Central Business District to CCT at the independently appraised value of approximately \$2.0185 billion. In conjunction with this, there will be a capital reduction and a distribution in specie of approximately 60% of the issued CCT units to shareholders in proportion to their shareholdings in the issued and paid-up ordinary share capital of the Company. For every 1,000 shares owned, shareholders will receive 200 CCT units. An application has been made for CCT to be listed on the Main Board of SGX-ST by way of an introduction. The capital reduction and distribution will be effected by way of a reduction of approximately \$918 million in the share premium account of the Company.

The capital reduction and distribution in specie are conditional upon, inter alia, the passing of a special resolution by shareholders at an extraordinary general meeting to be convened, SGX-ST approval in-principle for the listing of CCT on the SGX-ST and the approval of all relevant regulatory authorities.

- (c) The Group, through its wholly owned subsidiary, Birchvest Investment Pte Ltd, had on 5 February 2004 entered into a conditional sale and purchase agreement to sell its entire equity interest in RE Properties Pte Ltd which owns the investment property at 268 Orchard Road. The sale consideration shall be the net asset value of RE Properties Pte Ltd as at the completion date and determined in accordance with the terms of the agreement which includes taking into account an agreed value of \$135 million for the property. The transaction is due for completion in March 2004 and is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2004.

51. Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the adoption of the requirements of INT FRS-19 as well as a change in accounting policies as described in note 39. In addition, the following comparatives have been reclassified to conform with current year's presentation:

The Group

Provision for taxation has been changed to \$173,656,000 (previously reported: \$143,325,000) and tax recoverables have been changed to \$107,076,000 (previously reported \$76,625,000). This arises from certain tax recoverables previously set-off against provision for taxation which have now been presented on a gross basis to better reflect the mode of settlement.

Other receivables have been changed to \$275,694,000 (previously reported: \$309,379,000) and minority interests have been changed to \$1,895,805,000 (previously reported \$1,857,790,000). This arises from certain amounts owing by minority interest previously included in other receivables which have now been reclassified.

The Company

Interests in subsidiaries have been changed to \$7,429,451,000 (previously reported: \$7,196,761,000) and other non-current liabilities have been changed to \$1,549,240,000 (previously reported \$1,316,550,000). This arises from certain amounts owing to/by certain subsidiaries previously presented on a net basis which have now been presented on a gross basis to better reflect the mode of settlement with the counterparties.

FINANCIAL CALENDAR

Financial year ended 31 December 2003

Announcement of First Quarter Results	25 April 2003
Announcement of Half-year Results	11 August 2003
Announcement of Third Quarter Results	7 November 2003
Announcement of Full-year Results	6 February 2004
Annual General Meeting	12 April 2004
Books Closure Dates	19 April 2004 to 21 April 2004 (both dates inclusive)
Proposed Payment of 2003 Final Dividend	30 April 2004

Financial year ending 31 December 2004

Proposed Announcement of First Quarter Results	May 2004
Proposed Announcement of Half-year Results	August 2004
Proposed Announcement of Third Quarter Results	October 2004
Proposed Announcement of Full-year Results	February 2005

CORPORATE GOVERNANCE

CapitaLand recognises and supports the Principles and spirit of the Code of Corporate Governance (the “Code”). We note that each company needs to develop and maintain its corporate governance process to meet its specific business needs and demands. We note also that the Guidance Notes of the Code may serve to flesh out the issues underlying each of the Principles. We intend to keep focused on the substance and spirit of the Principles of the Code even as we manage the operations of the Company.

This Report sets out how our Company has effectively applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to its shareholders and the Management to the Board provide the framework for achieving a mutually beneficial tripartite relationship aimed at creating and growing sustainable shareholder value.

The Group is committed to achieving high standards of corporate conduct. In the following sections covering each of the Principles, we have outlined our policies and practices.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company.

Our Policy and Practices:

An effective board for CapitaLand and our listed subsidiaries must be constituted with a majority of non-executive directors independent of Management, with the right core competencies and diversity of experience to enable them in their collective wisdom to contribute effectively. Every director is expected, in the course of his deliberation, to act in good faith, provide insights and consider at all times, the interests of the Company.

The key roles of our Board are to:

- Guide the corporate strategy and directions of the Group;
- Ensure that Senior Management discharges business leadership and the highest quality of management skills with integrity and enterprise; and
- Provide oversight in the proper conduct of the Group.

The positions of Chairman and Chief Executive Officer (“CEO”) are held by two persons in order to maintain an effective oversight.

The Board comprises 11 directors of whom 10 are non-executive directors. The Chairman is Mr Philip Yeo Liat Kok. The sole executive director is Mr Liew Mun Leong, who is the President & CEO.

The Board comprises business leaders and professionals with financial, banking and legal background. Profiles of the directors are found on pages 19 to 21 of the Annual Report.

The Board meets to review the key activities and business strategies of the Group. The Board meets regularly, at least once every quarter, to deliberate strategic policies of the Group including significant acquisitions and disposals, approve the annual budget, review the performance of the Group’s businesses and approve the release of the quarterly, half-yearly and full-year results. In addition, the Audit Committee has been delegated the authority by the Board to review such results. A total of four Board meetings were held in 2003.

We believe that contribution from each director can be reflected in ways other than the reporting of attendance of each director at Board and committee meetings. A director would have been appointed on the strength of his calibre, experience, and stature, and his potential to contribute to the proper guidance of the Company and its businesses.

To focus on a director’s attendance at formal meetings alone may lead to a narrow view of a director’s contribution. It may also not do justice to his contribution which can be in many different forms, including Management’s access to him for guidance or exchange of views outside the formal environment of Board meetings. In addition, he brings experienced perspicacity and strategic networking relationships that further the interests of the Group.

The matrix of the Board members’ participation in the various Board committees is provided on page 160 of this Report. This reflects each Board member’s additional responsibilities and special focus on the respective Board committees of the Company.

The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories arrangements at Board level. Approval sublimits are also provided at Management levels to facilitate operational efficiency.

Changes to regulations and accounting standards are monitored closely by Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company’s or directors’ disclosure obligations, directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals.

Newly-appointed directors are given briefings by Management on the business activities of the Group and its strategic directions.

All directors are also provided with relevant information on the Company’s policies and procedures relating to governance issues including disclosure of interests in securities, prohibitions on dealings in the Company’s securities, restrictions on disclosure of price sensitive information and the disclosure of interests relating to certain property transactions.

CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Our Policy and Practices:

The majority of our directors are non-executive and independent of Management. This enables Management to benefit from their external, diverse and objective perspective of issues that are brought before the Board. It would also enable the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the role of the Chairman and the CEO, provides a healthy professional relationship between the Board and Management with clarity of roles and robust oversight as they deliberate on the business activities of the Group.

The Board comprises 11 directors, 10 of whom are non-executive directors, independent of Management. Of the 10 non-executive directors, eight are independent non-executive directors, who are independent of the principal shareholder.

The Board considers non-executive director, Mr Lucien Wong Yuen Kuai, an independent non-executive director, although he has a relationship with the Company, falling under Guidance Note 2.1(d), by virtue of his position as a managing partner of M/s Allen & Gledhill rendering professional services to the Group in fees aggregating more than \$200,000.

Notwithstanding this relationship, the Board assesses him as an independent director due to his manifest ability to exercise strong independent judgment in his deliberations in the interests of the Company.

Mr Lucien Wong has conducted himself with professionalism and a high standard of duty and care as is required of his profession. He observes the ethical standards of his legal profession and is most conscious of the need to disclose any conflict of interests arising from his other engagements.

The Board is supported by Board committees to provide independent oversight of Management. These Board committees are the Audit Committee ("AC"), Executive Resource and Compensation Committee ("ERCC"), Finance and Budget Committee ("FBC"), Investment Committee ("IC"), Corporate Disclosure Committee ("CDC"), Nominating Committee ("NC") and Risk Committee ("RC"). The AC, ERCC and RC are made up of independent or non-executive directors. Other committees may be formed as dictated by business imperatives.

Membership of the different committees is carefully managed to ensure that there is equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and foster active participation and contribution from Board members. Diversity of experience and appropriate skills

are also considered. The Company has also taken steps to ensure that there are appropriate checks and balances between the different committees. Hence, membership of the FBC and IC with more involvement in key business or executive decisions, and membership of the AC with its oversight role, must be mutually exclusive.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Our Policy and Practices:

We believe there must be a clear separation of the roles and responsibilities between the Chairman and the President & CEO of the Company. The Chairman who is non-executive is responsible for the Board and is free to act independently in the best interests of the Company and shareholders, while the CEO is responsible for the running of the Group's businesses.

The Chairman ensures that the members of the Board and Management work together with integrity, competency and moral authority, and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk and other plans.

The President & CEO is a Board member and has full executive responsibilities over the business directions and operational decisions of the Group. The President & CEO, in consultation with the Chairman, schedules Board meetings on a regular basis and as and when required, and finalises the preparation of their agenda. He ensures the quality and timeliness of the flow of information between Management and the Board. He is also responsible for ensuring compliance with corporate governance guidelines.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

Our Policy and Practices:

We believe that Board renewal must be an ongoing process, to both ensure good governance, and maintain relevance to the changing needs of the Company and business. The CEO, where he is also a Board member, must also subject himself to retirement and re-election by shareholders as part of Board renewal. Nomination and election of Board members are the prerogatives and proper rights of all shareholders.

The NC comprises Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Mr Liew Mun Leong, Sir Alan Cockshaw, Mr Lim Chin Beng and Mr Jackson Peter Tai.

The NC is chaired by a non-executive director who is independent of Management, and comprises four independent non-executive directors and an executive director, being the President & CEO.

While the Chairman of the NC is not regarded as independent within the context of the definition of “independence” in the Code, he is a non-executive director independent of Management with a clear separation of his role from Management in deliberations of the NC.

The NC ensures that the Board and Board committees in the Group comprise individuals who are best able to discharge their responsibilities as directors having regard to the law and the highest standards of corporate governance. In performing its role, the NC is guided by its Terms of Reference which sets out its responsibilities which include the identification of suitable candidates for appointments in the Group, in particular, candidates who can value add to Management through their contributions in the relevant strategic business areas and such appointments will result in the constitution of strong and diverse boards. In particular, it reviews and recommends:

- Candidates to be CapitaLand’s nominees on the Boards and Board committees of the listed companies within the Group; and
- Candidates to the Boards and Board committees of the holding companies of the strategic business units (“SBU”).

Our Articles of Association require one-third of our directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting (“AGM”) (“one-third rotation rule”). In other words, no director stays in office for more than three years without being re-elected by shareholders.

Our Articles of Association also provide for the CEO Board member to be subject to the one-third rotation rule as well. This is to separate his role as CEO from his position as a Board member, and to enable shareholders to exercise their full right to select all Board members.

In addition, a newly-appointed director will submit himself for retirement and election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Our Policy and Practices:

We believe that Board performance is ultimately reflected in the performance of the Group. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key

responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of a Board’s performance is also tested through its ability to lend support to Management, especially in times of crisis and to steer the Group in the right direction.

The financial indicators set out in the Code as guides for the evaluation of directors are in our opinion more of a measure of Management’s performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a company’s performance, and do not fully measure the sustainable long term wealth and value creation of the Company.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that directors appointed possess the background, experience and knowledge in technology, business, finance and management skills critical to the Company’s business and that each director with his special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Informal reviews of a Board’s performance are undertaken on a continual basis by the NC, with inputs from the other Board members and the CEO. Renewal or replacement of Board members do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the Company and its business.

Access to Information

Principle 6: In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Our Policy and Practices:

We believe that the Board should be provided with timely and complete information prior to Board meetings and as and when the need arises. New Board members are fully briefed on the businesses of the Group.

Management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board’s decision, as well as ongoing reports relating to operational and financial performance of the Company. The Articles of Association of the Company provide for directors to convene meetings by teleconferencing or videoconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means which include electronic mail, teleconferencing and videoconferencing. Alternatively, Management will arrange to personally meet and brief each director before seeking the Board’s approval.

CORPORATE GOVERNANCE

The Board has separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate.

Likewise, the AC must also meet the external and internal auditors separately at least once a year, without the presence of the CEO and Senior Management members, in order to have unfettered access to information that it may require.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

Our Policy and Practices:

We believe that a framework of remuneration for the Board and key executives should not be taken in isolation. It should be linked to the development of management bench strength and key executives to ensure that there is a continual development of talent and renewal of strong and sound leadership for the continued success of the business and the Company. We have in place an ERCC which serves the crucial role of helping to ensure our businesses are able to recruit and retain the best talents to drive their business forward. The members of the ERCC are Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Sir Alan Cockshaw, Mr Lim Chin Beng and Mr Jackson Peter Tai.

All the members of the ERCC are independent of Management. While the Chairman of the ERCC is not regarded as independent within the context of the definition of "independence" in the Code, he is a non-executive director independent of Management with a clear separation of his role from Management in deliberations of the ERCC. From time to time, we may co-opt an outside member into the ERCC to provide a global perspective of talent management and remuneration practices.

The ERCC oversees executive compensation and development in the Company, with the aim of building capable and committed management teams, through competitive compensation, focused management and progressive policies which can attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company.

Specifically, the ERCC will:

- Approve the remuneration framework (including directors' fees) for non-executive directors;
- Establish compensation policies for key executives;
- Approve salary reviews, bonus and incentives for key executives;
- Approve share incentives including stock options and share ownership for executives;
- Approve key appointments and review succession plans for key positions; and
- Oversee the development of key executives and younger talented executives.

The ERCC conducts, on an annual basis, a succession planning review of the CEO and selected key positions in the Company. Potential internal and external candidates for succession are reviewed for different time horizons of immediate, medium term and longer term needs.

The ERCC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the ERCC takes into consideration industry practices and norms in compensation. The CEO is not present during the discussions relating to his own compensation and terms and conditions of service, and the review of his performance. The CEO will be in attendance when the ERCC discusses policies and compensation of his senior team and key staff, as well as major compensation and incentive policies such as share options, stock purchase schemes, framework for bonus, staff salary and other incentive schemes.

The President & CEO as executive director does not receive director's fees. He is a lead member of Management. His compensation consists of his salary, allowances, bonuses, options and performance share awards. The latter is conditional upon his meeting certain performance targets. The details of his compensation package are found in the Additional Information section of the Annual Report ("Additional Information Section").

Non-executive directors have remuneration packages which consist of a directors' fee component, an attendance fee component and share options component pursuant to the Company's Share Option Plan. The directors' fee policy is based on a scale of fees divided into basic retainer fees as director and additional fees for attendance and serving on Board committees. Details of the breakdown are found in the Additional Information Section. Directors' fees for non-executive directors are subject to the approval of shareholders at the AGM.

The basis of allocation of the number of share options takes into account a director's additional responsibilities at Board committees.

Rather than set out the names of the top five key executives who are not also directors of the Company, we have shown a Group-wide cross-section of executives' remuneration by number of employees from \$100,000 upwards in bands of \$250,000 in the Additional Information Section. This should give a macro perspective of the remuneration pattern in the Group, while maintaining confidentiality of staff remuneration matters.

The Board has decided not to prepare a separate Remuneration Report as most of the information is found in the Additional Information Section.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board is accountable to the shareholders while the Management is accountable to the Board.

Our Policy and Practices:

We have always believed that we should conduct ourselves in ways that deliver maximum sustainable value to our shareholders. We promote best practices as a means to build an excellent business for our shareholders. We are accountable to shareholders for the Company's performance.

Prompt fulfilment of statutory reporting requirements is but one way to maintain our shareholders' confidence and trust in our capability and integrity.

As we sought to grow our business globally, and sought to widen our shareholder base internationally, we implemented quarterly reporting in the third quarter of 2001 before the Code made it a requirement. In fact, we were the first listed property group in Singapore to introduce quarterly reporting, to discharge our continuing obligation of prompt and thorough disclosures.

Audit Committee

Principle 11: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

Our Policy and Practices:

Our internal policy requires the AC to have at least three members, all of whom are non-executive and the majority must be independent.

The AC consists of three directors. Mr Richard Edward Hale, Chairman of the AC, is an independent director. The other members of the AC are Mr Sum Soon Lim, who is independent of Management, and Mr Lucien Wong Yuen Kuai, who is considered independent as mentioned under Principle 2 on

Page 154 of this Report. The members bring with them invaluable managerial and professional expertise in the financial and legal domain. The AC has a set of Terms of Reference defining its scope of authority which includes review of the annual audit plan, the adequacy of the internal audit process, results of audit findings and Management's response, the adequacy and effectiveness of internal controls, and Interested Person Transactions. The AC reviews quarterly, half-yearly and annual financial statements and the appointment and re-appointment of auditors before recommending them to the Board for approval. The AC also approves the compensation of the external auditors as well as considers the nature and extent of non-audit services and their potential impact on the independence and objectivity of the external auditors.

The AC meets with the external and internal auditors, without the presence of Management, at least once a year to discuss the reasonableness of the financial reporting process, system of internal control, significant comments and recommendations.

A total of four AC meetings were held during 2003.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

Our Policy and Practices:

We believe in the need to put in place a system of internal controls to safeguard shareholders' interests and Group's assets, and to manage risks. Apart from the AC, other Board committees may be set up from time to time to address specific issues or risks.

The AC's responsibilities in the Group's internal controls are complemented by the work of the FBC, which reviews the Group Finance Manual, and the RC which oversees various aspects of controls and risk management of the Group. The activities of these committees are reported on pages 158 and 159 of this Report. Based on the review of these committees, the Board, through the AC, is satisfied that there are adequate internal controls in the Group.

The Group has its own Internal Audit Department ("CL IA") which reports directly to the Chairman of the AC and administratively to the Chief Financial Officer, who reports to the CEO. CL IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval at the beginning of each year. The AC must also meet with CL IA at least once a year without the presence of Management.

CORPORATE GOVERNANCE

CL IA is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. ("IIA"), which has its headquarters in the USA. CL IA subscribes to, and is guided by, the Standards for the Professional Practice of Internal Auditing ("Standards") developed by the IIA and has incorporated these standards into its audit practices.

The Standards set by the IIA cover requirements on:

- Independence
- Professional Proficiency
- Scope of Work
- Performance of Audit Work
- Management of the Internal Auditing Department.

CL IA staff involved in Information Technology ("IT") audits are Certified Information System Auditors and members of the Information System Audit and Control Association ("ISACA") in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits.

To ensure that the internal audits are performed by competent professionals, CL IA recruits and employs qualified staff. In order that their technical knowledge remains current and relevant, CL IA identifies and provides training and development opportunities to the staff.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Greater Shareholder Participation

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Our Policy and Practices:

We believe in regular and timely communication with shareholders as part of our organisational development to build systems and procedures that will enable us to operate globally.

CapitaLand has won the "Most Transparent Company Award (Property category)" given by the Securities Investors Association of Singapore for three consecutive years in 2001, 2002 and 2003. This is besides coming out tops in corporate governance polls carried out by regional financial magazines, FinanceAsia and Asiamoney, and in a study of 180 listed-property companies in the Asia-Pacific conducted by the National University of Singapore.

The Company adopts the practice of regularly communicating major developments in its business and operations to various constituencies, including the SGX-ST, shareholders, analysts, the media and its employees. In addition, it attends to queries from the various constituencies. It also communicates on an

immediate basis as required under the SGX-ST Listing Manual, or as soon as possible where immediate disclosure is not practicable. Our Investor Relations and Communications departments hold regular briefings and meetings for analysts and the media, respectively. The briefings generally coincide with the release of the Group's half-year and full-year results. During these results briefings, senior members of CapitaLand's Management review the Group's most recent performance and discuss the Company's outlook. In the interests of transparency and broad dissemination, these briefings are webcast live and are accessible to the public on the Group's website at www.capitaland.com. Recordings of the briefings are then archived on the Company's corporate website.

In the past year, Senior Management has met with institutional investors in Singapore, the USA, Europe, Hong Kong, Australia and Japan. Management has held meetings with the media both in Singapore and its overseas offices. In addition, CapitaLand pursues opportunities to keep retail shareholders informed as well.

We support the Code's principle to encourage shareholder participation. All shareholders receive the summary financial report and notice of the AGM. The notice of the AGM is also advertised in the press and issued via MASNET. At the AGM, shareholders have the opportunity to communicate their views and discuss with directors and Management on matters affecting the Company. The respective Chairpersons of the AC, NC and ERCC, and the external auditors, endeavour, as far as reasonably practicable, to be present at the AGM. Voting in absentia and by email may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web are not compromised and following legislative changes being put in place to recognise electronic voting.

OTHER BOARD COMMITTEES

Finance and Budget Committee

The FBC is chaired by Mr Hsuan Owyang and comprises Mr Liew Mun Leong, Mr Jackson Peter Tai and Mr Lui Chong Chee, the Chief Financial Officer.

During 2003, the FBC met three times to review the quarterly financial results, forecasts and the annual financial plan of the Group. It also reviewed and approved updates to the CapitaLand Group Finance Manual.

Corporate Disclosure Committee

The CDC is chaired by Mr Sum Soon Lim and comprises Mr Liew Mun Leong and Mr Lucien Wong Yuen Kuai.

The CDC reviews corporate disclosure issues and announcements made to the SGX-ST, and ensures that CapitaLand adopts good corporate governance and pursues best practices in terms of transparency to shareholders and the investing community. Though there were no formal meetings for the CDC in 2003, the views and approvals of the

CDC were sought on various announcements and press releases issued by the Company.

Investment Committee

The IC is chaired by Mr Philip Yeo Liat Kok and comprises Mr Hsuan Owyang, Mr Liew Mun Leong, Mr Jackson Peter Tai and Mr Lui Chong Chee.

Since 2000, the Board had approved the Delegation of Authority to the various SBU Boards and raised the investment approval limits. There were no formal meetings for the IC during the year. Even so, the views of the IC and Board were actively sought by the various SBUs, and the approval of the IC obtained where appropriate.

Risk Committee

The RC was formed in September 2002 as part of CapitaLand's efforts to strengthen its risk management processes and framework.

The RC comprises Mr Sum Soon Lim who is the Chairman, Mr Richard Edward Hale and Mr Lucien Wong Yuen Kuai.

The committee's role and functions are to:

- Review the adequacy of CapitaLand's risk management process;
- Review and approve in broad terms, risk guidelines and limits. These include country concentration limits and risk-adjusted country hurdle rates for the Group and the SBUs, which are reviewed annually; and
- Review CapitaLand's risk portfolio and risk levels. In this regard, the RC is assisted by the CapitaLand Corporate Risk Assessment Group, which is responsible for compiling the Group Quarterly Risk Report. Included in the report is a monitoring of the utilization rates of approved country and treasury limits of the Group.

RISK ASSESSMENT AND MANAGEMENT

The CapitaLand Group has evolved and put in place today a comprehensive risk management framework across the entire organisation. Supervisory oversight is provided by the RC (see paragraph above on role of RC), while the President & CEO and members of Senior Management are directly responsible for managing the process. The President & CEO is assisted in this function by the Risk Assessment Group ("RAG").

The framework provides a structured context for the RC, the President & CEO and members of Senior Management to meet on a quarterly basis to review the mix and levels of risks pertaining to the Group's portfolio of assets and liabilities. To assist them in this function, a comprehensive portfolio risk report measuring a whole spectrum of risks including property market, interest rate and currency risks based on a Value-at-risk methodology is compiled and presented by the RAG. Usage of approved limits are also reviewed, significant issues are identified and corrective actions are proposed as part of the meeting process.

At the individual project level, all investment proposals above a stipulated value are now subject to an independent and comprehensive risk evaluation by the RAG. In addition to an identification and possible mitigation of all the risks related to the proposed investment, acquisitions have to clear specific risk-adjusted hurdle rates for the different SBUs and countries. As a best practice, all approved and committed projects are reviewed on a quarterly basis to assess the performance of the investment against the projected cash flows at the proposal stage. If necessary, corrective actions to improve the risk-return profile of the investments are discussed and acted on.

Completing the risk management framework is the CL IA, which is responsible for providing an independent and objective evaluation of the adequacy of the Group's risk management control and governance processes.

DEALINGS IN SECURITIES

In compliance with the Best Practices Guide, the Company has issued guidelines to directors and employees in the Group. These guidelines prohibit dealings in the Company's securities while in possession of material unpublished price-sensitive information and during the "close period" which is defined as two weeks before and up to and including the date of announcement of results (quarterly, half-yearly and full-year).

In addition, directors and employees are also prohibited from dealing in securities of other listed companies while they are in possession of unpublished price-sensitive information by virtue of their directorship/employment in the Company or any of its Group companies. They are also made aware that the overarching insider trading laws are applicable at all times.

TRANSPARENCY, DISCLOSURE & DISSEMINATION OF INFORMATION

CapitaLand's commitment to higher standards of transparency, disclosure and dissemination not only ensures compliance with rules and regulations applicable to public listed companies, but also reduces share price volatility, improves market valuation, increases liquidity, increases the Group's credibility and enhances overall shareholder value. Some of the proactive steps undertaken by the Group are quarterly release of results, furnishing more details in its annual reports and webcasting.

STATEMENT OF COMPLIANCE

The Board of directors confirms that during the financial year ended 31 December 2003, the Company has complied with its policies and practices based on the SGX-ST Best Practices Guide and the Code.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND COMMITTEES

Board Members	Audit Committee	Investment Committee	Executive Resource and Compensation Committee	Nominating Committee	Finance and Budget Committee	Corporate Disclosure Committee	Risk Committee
Philip Yeo Liat Kok		C					
Hsuan Owyang		DC	M	M	C		
Liew Mun Leong		M		M	M	M	
Andrew Buxton							
Sir Alan Cockshaw			M	M			
Richard Edward Hale	C						M
Lim Chin Beng			M	M			
Peter Seah Lim Huat			C	C			
Sum Soon Lim	M					C	C
Jackson Peter Tai		M	M	M	M		
Lucien Wong Yuen Kuai	M					M	M
Non-Board Member							
Lui Chong Chee		M			M		

Denotes:

C – Chairman

DC – Deputy Chairman

M – Member

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

1. Directors' Remuneration

Number of Directors of CapitaLand Limited in Remuneration Bands:

REMUNERATION BANDS	2003	2002
\$500,000 and above	1	1
\$250,000 to \$499,999	0	0
Below \$250,000	11	10
Total	12	11

Directors' Compensation Table for the financial year ended 31 December 2003:

Directors of the Company	Salary inclusive of AWS & employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ^ \$	Directors' fees inclusive of attendance fees \$	Total \$
Payable by Company:				
Philip Yeo Liat Kok	–	–	97,800	97,800
Hsuan Owyang	–	–	136,000	136,000
Liew Mun Leong	784,320	721,245	–	1,505,565
Andrew Buxton **	–	–	37,341	37,341
Sir Alan Cockshaw	–	–	109,796	109,796
Hsieh Fu Hua *	–	–	14,792	14,792
Richard Edward Hale **	–	–	93,611	93,611
Lim Chin Beng	–	–	78,200	78,200
Peter Seah Lim Huat #	–	–	82,500	82,500
Sum Soon Lim	–	–	111,400	111,400
Jackson Peter Tai #	–	–	107,900	107,900
Lucien Wong Yuen Kuai	–	–	102,000	102,000
Sub-Total 1	784,320	721,245	971,340	2,476,905
Payable by Subsidiaries:				
Hsuan Owyang	–	–	73,000	73,000
Andrew Buxton	–	–	29,329	29,329
Hsieh Fu Hua	–	–	3,200	3,200
Richard Edward Hale	–	–	48,875	48,875
Lim Chin Beng	–	–	55,000	55,000
Sub-Total 2	–	–	209,404	209,404
Total for Directors of the Company	784,320	721,245	1,180,744	2,686,309

During the year, share options and conditional awards of performance shares were also granted. For details, please refer to the Directors' Report.

^ Bonuses are normally finalised, approved and paid after the financial year-end. The bonus figures shown above are on paid basis and not on accrued basis. Hence, the figures on bonus shown relate to entitlements due to performance for previous years.

* Mr Hsieh Fu Hua resigned as a director of the Company on 10 February 2003.

** Mr Andrew Buxton and Mr Richard Edward Hale were appointed directors of the Company on 1 June 2003 and 10 February 2003 respectively.

Fees were paid to the employer companies of Mr Peter Seah Lim Huat and Mr Jackson Peter Tai.

1. Directors' Remuneration (cont'd)

Directors' Compensation Table for the financial year ended 31 December 2002:

Directors of the Company	Salary inclusive of AWS & employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ^ \$	Directors' fees inclusive of attendance fees \$	Total \$
Payable by Company:				
Philip Yeo Liat Kok	–	–	97,800	97,800
Hsuan Owyang	–	–	137,700	137,700
Peter Seah Lim Huat #	–	–	87,600	87,600
Liew Mun Leong	721,920	505,075	–	1,226,995
Sir Alan Cockshaw	–	–	121,723	121,723
Hsieh Fu Hua	–	–	86,772	86,772
Lim Chin Beng	–	–	79,900	79,900
Vernon R Loucks Jr. *	–	–	48,286	48,286
Sum Soon Lim	–	–	100,700	100,700
Jackson Peter Tai #	–	–	107,900	107,900
Lucien Wong Yuen Kuai	–	–	90,306	90,306
Sub-Total 1	721,920	505,075	958,687	2,185,682
Payable by Subsidiaries:				
Hsuan Owyang	–	–	76,133	76,133
Hsieh Fu Hua	–	–	24,133	24,133
Lim Chin Beng	–	–	54,000	54,000
Jackson Peter Tai #	–	–	19,000	19,000
Sub-Total 2	–	–	173,266	173,266
Total for Directors of the Company	721,920	505,075	1,131,953	2,358,948

During the year, share options and conditional awards of performance shares were also granted. For details, please refer to the Directors' Report.

^ Bonuses are normally finalised, approved and paid after the financial year-end. The bonus figures shown above are on paid basis and not on accrued basis. Hence, the figures on bonus shown relate to entitlements due to performance for previous years.

* Mr Vernon R Loucks Jr. resigned as a director of the Company on 18 December 2002.

Fees were paid to the employer companies of Mr Peter Seah Lim Huat and Mr Jackson Peter Tai.

ADDITIONAL INFORMATION

2. Executives' Remuneration

Remuneration Data (for employees earning \$100,000 and above) for financial years ended 31 December 2003 and 2002:

Total Compensation Bands	2003		2002	
	Total Number of Employees	Total Dollar Value \$	Total Number of Employees	Total Dollar Value \$
\$100,000 to \$249,999	291	39,017,199	249	34,560,092
\$250,000 to \$499,999	32	10,837,383	33	11,186,762
\$500,000 to \$749,999	9	5,225,629	9	5,756,449
\$750,000 to \$999,999	3	2,495,917	–	–
\$1,000,000 to \$1,250,000	–	–	2	2,420,724
‡ \$1,250,000	3	5,649,949	–	–
Total	338	63,226,077	293	53,924,027

Note 1: The above executives' remuneration data pertains only to Group's employees in Singapore and those who are posted overseas. It does not include the Group's overseas subsidiaries' employees and their remuneration.

Note 2: Total compensation comprises salary, annual wage supplement, bonus and other benefits inclusive of employer's CPF.

3. Directors' Interests in Contracts entered with the Group

During the year, Mr Liew Mun Leong, the President and Chief Executive Officer who is also a director of the Company, bought a residential unit in Summit Residences (one of the Group's projects in China) for RMB 1,370,686 (S\$ equivalent of approximately S\$296,000). The Audit Committee had reviewed the transaction and was satisfied that the terms of the transaction were fair and reasonable, and were not prejudicial to the interest of the Company and its minority shareholders. The Board had also approved the said sale.

In addition, the following professional fees were paid or payable to certain directors and/or to firms in which they are members and/or have a substantial financial interest:

	The Group		The Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Lucien Wong Yuen Kuai:				
Paid or payable to Allen & Gledhill	1,493	3,203	58	518
Sir Alan Cockshaw:				
Paid or payable to Shawbridge Management Limited	117	111	17	17
Andrew Buxton:				
Paid or payable to Andrew Buxton	62	–	–	–

4. Significant Related Party Transactions

Please refer to note 44 in the statutory accounts.

5. Interested Person Transactions

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

	\$'000
Temasek Holdings (Pte) Ltd and its associates:	
– Rental and service income	7,369
– Property and project management income	3,076
– Purchase of electricity supply	(8,120)
Singapore Technologies Pte Ltd and its associates:	
– Management fees expense	(7,250)
– Rental and service income	21,438
– Property and project management income	6,578
– Purchase of other products and services	(4,196)
Directors and their associates:	
Transactions with Liew Mun Leong, Sir Alan Cockshaw and Andrew Buxton	
– Please refer to Item 3 on Directors' Interests in Contracts entered with the Group	

SHAREHOLDING STATISTICS

as at 20 February 2004

Authorised Share Capital

S\$4,000,000,000 (comprising 4,000,000,000 Ordinary Shares of S\$1 each) and

US\$172,500 (comprising 172,500 Redeemable Convertible Cumulative Preference Shares of US\$1 each)

Issued and Fully Paid-Up Capital

S\$2,517,349,898 (comprising 2,517,349,898 Ordinary Shares of S\$1 each fully paid; voting rights: one vote per share)

Twenty Largest Shareholders

As shown in the Register of Members and Depository Register

Name	No. of Shares	%
1 Singapore Technologies Pte Ltd	1,120,748,933	44.52
2 ST Property Investments Pte Ltd	328,344,838	13.04
3 DBS Nominees Pte Ltd	232,929,402	9.25
4 Raffles Nominees Pte Ltd	161,053,235	6.40
5 Citibank Nominees Singapore Pte Ltd	116,095,814	4.61
6 United Overseas Bank Nominees Pte Ltd	91,656,964	3.64
7 HSBC (Singapore) Nominees Pte Ltd	71,114,979	2.82
8 Oversea-Chinese Bank Nominees Pte Ltd	23,525,590	0.93
9 Lee Pineapple Company Pte Ltd	20,000,000	0.79
10 Pei Hwa Foundation Limited	13,641,557	0.54
11 DBS Vickers Securities (Singapore) Pte Ltd	12,268,153	0.49
12 Morgan Stanley Asia (Singapore) Securities Pte Ltd	8,775,059	0.35
13 DB Nominees (S) Pte Ltd	4,315,493	0.17
14 UOB Kay Hian Pte Ltd	3,366,375	0.13
15 OCBC Securities Private Ltd	2,600,952	0.10
16 Phillip Securities Private Ltd	2,372,418	0.09
17 Societe Generale Singapore Branch	2,369,000	0.09
18 BNP Paribas Nominees Singapore Pte Ltd	2,202,750	0.09
19 G K Goh Stockbrokers Pte Ltd	2,193,008	0.09
20 ABN Amro Nominees Singapore Pte Ltd	1,823,750	0.07
Total	2,221,398,270	88.21

Substantial Shareholders

As shown in the Register of Substantial Shareholders as at 20 February 2004

Name of Substantial Shareholder	Number of Ordinary Shares in which	
	substantial shareholder has a direct interest	substantial shareholder is deemed to have an interest
ST Property Investments Pte Ltd	328,344,838	–
Singapore Technologies Pte Ltd	1,120,748,933	406,019,838 ⁽¹⁾
Temasek Holdings (Private) Limited	–	1,580,890,271 ⁽²⁾

Notes:

- (1) ST Property Investments Pte Ltd ("STPI") is a wholly-owned subsidiary of Singapore Technologies Pte Ltd ("STPL"). By virtue of Section 7 of the Companies Act, Cap. 50, STPL is deemed to have an interest in (a) the 328,344,838 ordinary shares held by STPI; (b) the 1,300,000 ordinary shares held by other companies within the Singapore Technologies group; and (c) the 76,375,000 ordinary shares subject to the terms of securities lending agreements entered into with financial institutions.
- (2) Temasek Holdings (Private) Limited ("Temasek") directly holds 81.3% of the issued share capital of STPL and has a deemed interest (by virtue of Section 7 of the Companies Act, Cap. 50) in the 18.7% of the issued share capital of STPL held by Singapore Technologies Holdings Pte Ltd ("STH") by virtue of STH being wholly-owned by Temasek. Accordingly, Temasek is deemed to be interested in 1,526,768,771 ordinary shares held by the Singapore Technologies group by virtue of the foregoing and 54,121,500 ordinary shares held by other companies within the Temasek group. Temasek is wholly-owned by the Minister for Finance (Incorporated).

Size of Holdings

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares	% of shares
1 – 999	1,023	2.55	469,102	0.02
1,000 – 10,000	33,829	84.29	118,774,137	4.72
10,001 – 1,000,000	5,255	13.09	168,637,827	6.70
1,000,001 and above	27	0.07	2,229,468,832	88.56
Total	40,134	100.00	2,517,349,898	100.00

Approximately 37.2% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the STI, 168 Robinson Road, Level 9, Capital Tower, Singapore 068912, on Monday, 12 April 2004 at 10.00 a.m. to transact the following business:

As Ordinary Business

- 1 To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2003 and the Auditors' Report thereon.
- 2 To declare a first and final dividend of S\$0.04 per share less Singapore income tax at 20% for the year ended 31 December 2003.
- 3 To approve the sum of S\$971,340 as Directors' fees for the year ended 31 December 2003 (2002: S\$958,687).
- 4 To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 95 of the Articles of Association of the Company and who, being eligible, will offer themselves for re-election:
 - (i) Sir Alan Cockshaw
 - (ii) Mr Jackson Peter Tai
 - (iii) Mr Lucien Wong Yuen Kuai

Mr Lucien Wong Yuen Kuai is an independent member of the Audit Committee.
- 5 To elect Mr Andrew Buxton, a Director, who will retire pursuant to Article 101 of the Articles of Association of the Company.
- 6 To re-appoint the following Directors, each of whom will retire and seek re-appointment under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:
 - (i) Mr Hsuan Owyang
 - (ii) Mr Lim Chin Beng
- 7 To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
- 8 To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company.

As Special Business

- 9 To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Dr Richard Hu Tsu Tau be and is hereby appointed as a Director of the Company with effect from 13 April 2004 to hold such office until the next Annual General Meeting of the Company.
- 10 To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:
 - 10A That authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares in the capital of the Company ("shares") 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 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 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 Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) 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 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.

10B That approval be and is hereby given to the Directors to:

- (a) offer and grant options in accordance with the provisions of the CapitaLand Share Option Plan ("Share Option Plan") and/or to grant awards in accordance with the provisions of the CapitaLand Performance Share Plan ("Performance Share Plan") and/or the CapitaLand Restricted Stock Plan ("Restricted Stock Plan") (the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan, together the "Share Plans"); and
- (b) allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan,

provided that the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time.

By Order of the Board

TAN WAH NAM
Company Secretary

Singapore
12 March 2004

Notes:

A member entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 168 Robinson Road #30-01, Capital Tower, Singapore 068912 not less than 48 hours before the time appointed for holding the meeting.

Additional information relating to the Notice of Annual General Meeting:

Resolution 9 is to appoint Dr Richard Hu Tsu Tau as a Director of the Company with effect from 13 April 2004. Dr Hu is currently Chairman, GIC Real Estate Pte Ltd, and Chairman, Mapletree Investments Pte Ltd. From 1985 to 2001, he was a Cabinet Minister holding posts in the Trade and Industry, Health and Finance ministries. Prior to his ministerial appointment, Dr Hu held the posts of Managing Director concurrently in the Monetary Authority of Singapore and the Government of Singapore Investment Corporation Private Limited from 1983 to 1984. Dr Hu joined the Shell Group of companies in 1960 and his last position in this global company was as Chairman and Chief Executive of the Shell Group of companies in Singapore. The Board of Directors of the Company is pleased to recommend the appointment of Dr Hu, who brings with him a wealth of experience both in the Singapore Government and in a major global company and who, if appointed, will augment the independent non-executive component of the Board's membership. Dr Hu has also expressed his willingness to act as a Director of the Company. As Dr Hu is over 70 years of age, his proposed appointment is subject to shareholders' approval pursuant to Section 153(6) of the Companies Act, Cap. 50. Consequent upon his appointment as a Director of the Company, Dr Hu will also be elected as non-executive Chairman of the Board of Directors of the Company, while Mr Philip Yeo Liat Kok will relinquish his appointment as Director and Chairman of the Board, with effect from 13 April 2004.

Resolution 10A is to empower the Directors to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total fifty per cent. (50%) of the issued share capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital of the Company at the time that Resolution 10A is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 10A is passed, and any subsequent consolidation or subdivision of shares.

Resolution 10B is to empower the Directors to offer and grant options and/or grant awards under the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan, and to allot and issue shares pursuant to the exercise of such options and/or vesting of such awards, provided that the aggregate number of shares to be issued does not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time.

CapitaLand Limited

(Incorporated in the Republic of Singapore)

Proxy Form – Annual General Meeting

IMPORTANT:

- 1 For investors who have used their CPF monies to buy CapitaLand shares, the Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name)

of _____ (Address)

being a member/members of CAPITALAND LIMITED hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of shareholdings	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of shareholdings	
			No. of shares	%

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 12 April 2004, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting 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 Meeting.

No.	Resolutions Relating To:	For*	Against*
ORDINARY BUSINESS			
1	Adoption of Directors' Report, Audited Accounts and Auditors' Report		
2	Declaration of Dividend		
3	Approval of Directors' Fees		
4(i)	Re-election of Sir Alan Cockshaw as Director		
4(ii)	Re-election of Mr Jackson Peter Tai as Director		
4(iii)	Re-election of Mr Lucien Wong Yuen Kuai as Director		
5	Election of Mr Andrew Buxton as Director		
6(i)	Re-appointment of Mr Hsuan Owyang as Director		
6(ii)	Re-appointment of Mr Lim Chin Beng as Director		
7	Re-appointment of Auditors		
8	Any Other Business		
SPECIAL BUSINESS			
9	Appointment of Dr Richard Hu Tsu Tau as a Director of the Company		
10A	Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50		
10B	Authority for Directors to offer and grant options and/or grant awards, and to allot and issue shares, pursuant to the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan		

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

Dated this _____ day of _____ 2004.

Total number of shares held:

Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

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Affix
postage
stamp

The Company Secretary

CapitaLand Limited
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

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Notes to Proxy Form:

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
- 2 Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- 3 A proxy need not be a member of the Company.
- 4 A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the form of proxy will be deemed to relate to all the shares held by the member.
- 5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 168 Robinson Road #30-01, Capital Tower, Singapore 068912 not less than 48 hours before the time set for the Meeting.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 or a duly authorised officer.
- 7 Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8 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 Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, 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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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This Annual Report may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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