

Assets Under
Management to Grow from
**S\$6 BILLION to
S\$13 BILLION**



REPORT TO SHAREHOLDERS 2004

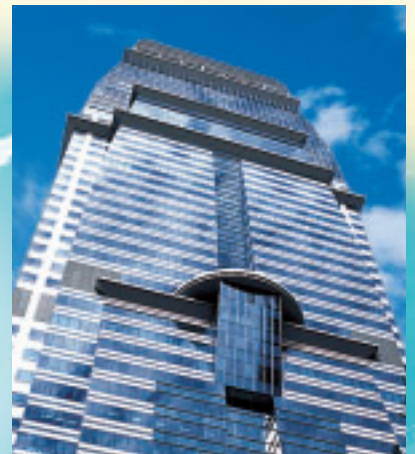
Managing Real Estate in the New Economy

*Growing REITs and Real Estate
Financial Services*

**Total Assets Owned or
Managed: S\$28 Billion**

Six Public-Listed Entities

**Presence in 88 Cities
in 30 Countries**



Building for People to Build People Building People to Build for People

Corporate 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 key cities in Asia, Australia, Europe and the Americas.

The Company's property and hospitality portfolio spans 88 cities in 30 countries. 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 include Raffles Holdings, The Ascott Group, CapitaMall Trust, CapitaCommercial Trust and Australand Property Group, which is listed both in Singapore and Australia.

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

Managing Real Estate in the New Economy

Growing REITs and Real Estate Financial Services

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Canary Riverside, London

Presence in 88 Cities in 30 Countries

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Six Public-Listed Entities

Our Group Structure – Page 18

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The Loft, Singapore
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Raffles Grand Hotel d'Angkor,
Siem Reap
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Presence in 88 Cities in

KEY GATEWAY CITIES

Bangkok
Beijing
Hong Kong
London
Melbourne
Shanghai
Singapore
Sydney
Tokyo

GLOBAL PRESENCE

ASIA-PACIFIC

Australia
Brisbane
Hobart
Melbourne
Perth
Sydney

Cambodia
Phnom Penh
Siem Reap

China
Beijing
Chengdu
Changsha
Chongqing
Dalian
Guangzhou
Hong Kong
Maoming
Nanhai
Nanjing
Qingdao
Shanghai
Suzhou
Tianjin
Wuhan
Wuhu
Xiamen
Zhangzhou

Indonesia
Bali
Bandung
Bintan
Jakarta
Manado
Palembang
Surabaya

India
New Delhi

Japan
Osaka
Tokyo

Malaysia
Johor
Kuala Lumpur
Kuching
Penang

New Zealand
Auckland

Philippines
Manila

Singapore

South Korea
Seoul

Thailand
Bangkok
Phuket

Vietnam
Hanoi
Ho Chi Minh City

EUROPE

Belgium
Brussels

Estonia
Tallinn

France
Aix-en-Provence
Bordeaux
Cannes
Gaillard
Genève
Grenoble
Lille
Lyon
Marseille
Montpellier
Nice
Paris
Strasbourg
Toulouse

Germany
Berlin
Düsseldorf
Hamburg

Netherlands
Amsterdam

Russia
Moscow

Spain
Barcelona
Mallorca

Switzerland
Basel
Geneva
Montreux
Zürich

Turkey
Bursa
Göcek
Istanbul
Izmir

UK
London

MIDDLE EAST

Qatar
Doha

UAE
Dubai

SOUTH PACIFIC

French Polynesia
Tahaa

THE AMERICAS

Caribbean
Canouan Island,
The Grenadines

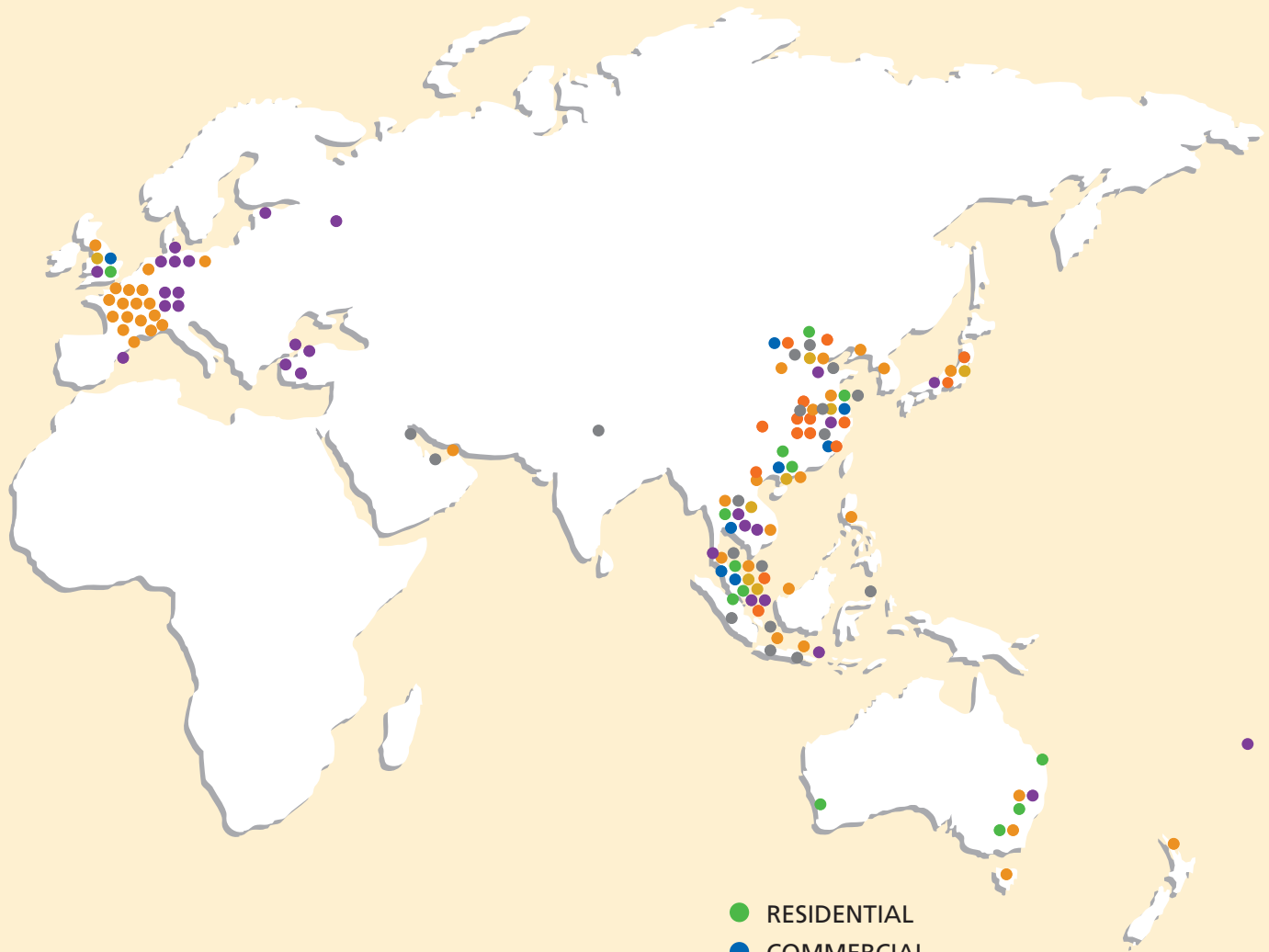
Ecuador
Quito

Peru
Lima

USA
Chicago
Los Angeles
New York



30 Countries



	2003	2004	
1 Record Profits of S\$313 Million			
Profit after Tax and Minority Interests ("PATMI")	S\$103M	S\$313M	✓
Earnings per Share	4.1 cents	12.4 cents	✓
2 Increased Shareholder Return			
Total Gross Dividend per Share	4 cents	6 cents	✓
Share Price as at year-end	S\$1.55	S\$2.13	✓
3 Strong Operating Growth			
Operating Earnings before Interest & Tax ("EBIT")*	S\$679M	S\$879M	✓
Operating PATMI*	S\$208M	S\$295M	✓
<i>* excluding net divestment/dilution gains and provisions</i>			

“We continued to strengthen our balance sheet in 2004 through a series of initiatives: the listing of CapitaCommercial Trust (CCT) in May 2004; divesting assets on an opportunistic basis; capital management; and channelling of funds to higher yielding investments.”

2003

2004

4 Increased Overseas Contributions

Overseas EBIT	S\$478M	S\$725M	✓
Overseas EBIT as a % of Group's EBIT [#]	63.3%	68.5%	✓
[#] excluding net provisions			

5 Achieving More, with Less

Return on Shareholders' Funds	1.7%	5.5%	✓
Return on Total Assets	2.6%	4.3%	✓
Assets under Management	S\$3.1B	S\$6.0B	✓
Shareholders' Funds	S\$6.1B	S\$5.4B	✓
Total Assets	S\$17.9B	S\$17.2B	✓

6 Improved Financial Profile

Net Debt	S\$6.2B	S\$5.3B	✓
Gearing	0.77	0.71	✓
Interest Cover Ratio	3.63	4.83	✓
Interest Service Ratio	5.13	5.27	✓

Managing Real Estate in the New Economy

"We remain committed to delivering value to our shareholders through our 'Focus, Balance, Scale' corporate strategy: Focus on the property and hospitality business; strike a balance between our trading and investment income; and have the scale and geographical presence to be an international company of repute."



From left to right:
Dr Richard Hu Tsu Tau, Chairman
Liew Mun Leong, President and CEO

“Over the last four years, the Group’s businesses have been honed to deliver performance excellence and greater value to shareholders. The mainstay business is now more geographically balanced between Singapore, Australia and China.”

Dear Shareholders,

We are pleased to announce that the Group did well in 2004, with all strategic business units surpassing their 2003 performance. The Group revenue for the year was S\$3.80 billion, a 4.2% increase compared to S\$3.65 billion posted in 2003. Profit after tax and minority interests (PATMI) of S\$313.0 million tripled that of S\$102.6 million recorded in 2003. The PATMI achieved in 2004 was also the highest recorded so far in the four years since the formation of CapitaLand. The Directors are pleased to propose a first and final gross dividend of 5 cents per share, up from 4 cents per share in 2003. In addition, a special dividend of 1 cent per share is proposed.

Over the last four years, the Group's businesses have been honed to deliver performance excellence and greater value to shareholders. The mainstay business of building and marketing homes is now more geographically balanced between Singapore, Australia and China. The latter two countries account for more than half of the Group's profitability. While Singapore has the largest asset base for commercial properties, contributions from overseas commercial assets such as Raffles City Shanghai are steadily increasing. AIG Tower in Hong Kong and recent equity stakes in retail malls across China will augment the Group's income.

With their extensive global footprint and well-managed core operating businesses, CapitaLand's hotel and serviced residence subsidiaries are added drivers to the Group's earnings. The Group has plans to scale up its assets under

management (AUM) over the next three years. The Group has been extracting more value through management contracts, advisory services and real estate asset enhancement capabilities. CapitaLand is now increasingly more than a traditional, bricks-and-mortar Singapore property company.

Maintaining a Strong Balance Sheet

We continued to strengthen our balance sheet in 2004 through a series of initiatives: the listing of CapitaCommercial Trust (CCT) in May 2004; divesting assets on an opportunistic basis; capital management; and channelling of funds to higher yielding investments.

The combined value of CCT units distributed in-specie and CapitaLand shares at the end of 2004, created significant value for shareholders who held on to their CCT units and CapitaLand shares. The proposed 6-cent dividend from their CapitaLand shares and distribution from their CCT units will further increase shareholder return. CCT has announced a distribution of 3.99 cents per unit for the period of 15 May 2004 to 31 December 2004.

Over the last four years, the Group raised its capital productivity by channelling its capital into higher yielding investments. Since 2000, the Group has successfully monetised a total of S\$7.5 billion of assets in its drive to raise capital efficiency. In 2004, assets monetised included the sale of 268 Orchard Road, Scotts Shopping Centre and The Ascott Singapore, 11 floors of Shinjuku Square Tower and IP Thai Property Fund. Total net gains from divestments and dilution in interest in Australand Property Group totalled S\$43.8 million for 2004.



Raffles City Shanghai, a landmark building in China.

The Group has also increasingly tapped into the capital market. In addition, capitalising on the low interest rates environment, the percentage of fixed rate loans has increased from 42% in 2000 to 74% in 2004, while Group net debt was reduced from S\$8.2 billion at end 2000 to S\$5.3 billion by end 2004. Interest costs have similarly been progressively pared down, from S\$422.9 million in 2000 to S\$272.1 million in 2004.

Building on Our Core Property Business

We remain committed to delivering value to our shareholders through our 'Focus, Balance, Scale' corporate strategy: Focus on the property and hospitality businesses; strike a balance between our trading and investment income, and among our portfolios in the different sectors and markets; and have the scale, size and geographical presence to be an international company of repute.

The mainstay of the Group's business continues to be developing and marketing homes in Singapore, China and Australia, and managing commercial properties to improve yields. In Singapore, the Group capitalised on the recovery prospects in the economy and launched two 99-year leasehold residential projects: the 530-unit Varsity Park Condominium and the first phase of the 600-unit condominium, Citylights. Both projects were well-received. The Group entered into an agreement for a 99-year leasehold residential site at Tanjong Rhu for development in 2005.

The Group continued to enhance or redevelop its commercial properties to improve yields. One George Street, an office property located within the Raffles Place business district, will be completed in first quarter 2005. On the retail front, Clarke Quay is being revitalised into a premier food, entertainment, fashion and leisure precinct. Capitaland was also appointed the retail development manager of VivoCity, which will be Singapore's largest retail, leisure and entertainment destination when completed at the end of 2006.

Overall, in 2004, the Group's overseas assets accounted for 49.6% of total assets, yet contributed to 66.0% of total revenue and 68.5% of total EBIT (excluding provisions

and write-backs). Over the next three years, the Group aims to derive at least 75% of its total earnings from its overseas operations.

China

In China, we sold about 1,000 residential units, predominately in Shanghai, at good margins. In Beijing, we launched La Forêt, an award-winning residential development. The Group has also secured four residential sites in Shanghai, Beijing and Guangzhou for development over the next 15 months. Real estate policy initiatives by the Chinese government have been positive for financially strong developers like CapitaLand.

On the commercial front, Raffles City Shanghai, a landmark commercial development, is enjoying high occupancy rates. In Hong Kong, we topped-out a landmark office development, AIG Tower, which is expected to be operational by the third quarter of 2005.

Australia

Australand Property Group performed strongly in 2004 and is on track to achieve its stated medium term strategy of reducing its dependence on development profits and increasing the level of recurrent investment income. Investment property assets are expected to contribute at least 50% of Australand's total net income by 2007.

It will seek to acquire more property trusts over the next three years.

Southeast Asia

In Thailand, TCC Capital Land, the Group's joint venture with TCC Land, launched its maiden residential project, Athenee Residence, in Bangkok. Over 80% of the luxurious 219-unit condominium has been sold since its official launch on 1 December 2004. The joint venture has plans for three to five more development projects in 2005. In Malaysia, CapitaLand operates through listed United Malayan Land, in which it has a 21.6% stake. Our wholly-owned subsidiary CapitaLand Financial sees opportunities for fee-based activities in Malaysia.

Obtaining More Value from Hospitality Businesses

In 2004, the Group derived 9.5% of its earnings from its hotel arm, and 8.1% from its serviced residence business. The number of business travellers and tourists visiting Singapore is likely to exceed the 2004 record of 8.2 million, and room rates are poised for a recovery in 2005. This should augur well for improved performance by the hospitality business units.

Over the year, hotel arm Raffles International forged a strategic marketing alliance with Taj Hotels Resorts and Palaces in India, signed new management contracts and increased its rooms in Thailand.

Freshwater Place, Melbourne, a mixed development project in Australia.





Clarke Quay, Singapore, a premier food and leisure precinct.

The Ascott Group was equally active. It completed the acquisition of the remaining 50% stake in Citadines, signed a marketing alliance with Equity Residential in the US to extend its global reach to North America, made its first entry into South Korea and launched its first luxury-tier residence in Thailand, The Ascott Sathorn. It further strengthened its pole position in China as the largest serviced residence operator by securing two more management contracts in Suzhou and Shanghai.

Gaining through Growth of Assets Under Management

Four years ago when CapitaLand was formed, management's aim was to grow the Group's assets under management (AUM). The Group has since worked towards this goal, from the formation of the Eureka Office Fund in 2001, to the launch of Singapore's first REIT, CapitaMall Trust in 2002, to the listing of CCT on the Singapore Exchange (SGX-ST) in 2004.

Today, the Group is recognised regionally as a pioneer and leader in the area of real estate financial services. In Hong Kong, CapitaLand was picked over 15 financial firms as the strategic partner of The Link Management, manager of the Hong Kong Housing Authority's proposed The Link REIT. In China, the CapitaLand China Residential Fund secured additional commitments, bringing the

aggregate total to US\$61 million (S\$102 million). In Japan, CapitaLand successfully launched CapitaRetail Japan Fund, a private Japan retail property fund of ¥10 billion (S\$155 million). The Group completed several real estate financial advisory and structuring deals in Singapore and Malaysia.

More recently, CapitaLand signed two co-operative agreements to acquire malls in China: The first agreement was with Shenzhen International Trust & Investment Co., Ltd (SZITIC) in December 2004, and another with the Beijing Hualian Group, one of the largest retailers in China, in January 2005. These properties could form the portfolio for a China retail property fund and be listed as a REIT in future.

Meanwhile, the Group's property services arm, PREMAS International, forged new alliances in different countries. It entered into several joint ventures to manage properties in the United Arab Emirates and India.

Practising Corporate Social Responsibility

CapitaLand conducts its business in accordance with high ethical and business standards, demonstrates support for worthwhile community causes, and is committed to the health, welfare and development of its employees.

Corporate Governance

CapitaLand's business practice of transparency, high standards of corporate governance and strong internal controls have been duly recognised. CapitaLand clinched the Most Transparent Company Award in the Property category from the Securities Investors Association of Singapore (SIAS) for the fourth consecutive year in 2004. Regional publications have ranked the company and its management highly on investor relations and shareholder communications issues. We also have a robust Risk Management structure, which evaluates a spectrum of risks and keeps the Board and Management apprised of the risk exposures in respect of activities in different countries.

Community Relations

The Group continues to play its part in worthwhile causes. It contributed towards various children's charities through

“The Group has been extracting more value through management contracts, advisory services and real estate asset enhancement capabilities.”

fund-raising events, and to distinguished institutions like the Lee Kuan Yew School of Public Policy at the National University of Singapore and the Yong Siew Toh Music Conservatory in Singapore. The Raffles International Lecture presented by CapitaLand also raised S\$20,000 for the Spastic Children's Association School. When the tsunami disaster struck in Asia in December 2004, the Group set up the CapitaLand Tsunami Fund and raised more than S\$400,000 to be administered by the Singapore Red Cross Society.

Management Development

CapitaLand continues to attract and develop human capital in tandem with its expansion on several fronts. In 2004, the Group re-organised its business structure to ensure greater management focus on high growth areas.

At middle management, besides existing development programmes, the Group has instituted the CapitaLand Management Programme series. To imbibe the company's vision, value system and business philosophy, young top performers are placed in management positions overseas to enhance their capabilities. This exercise will augment the Group's talent pool.

Looking Ahead

The Group will continue to maintain a significant presence in Singapore, whilst growing our operations internationally. In 2005, there will be new and exciting business opportunities to be seized in Singapore, including the proposed Integrated Resort and Business Financial Centre projects. Overseas, the Group's real estate and hospitality businesses are exploring prospects in new markets such as Vietnam, India, the Middle East and Eastern Europe.

In China and Australia, the twin engine of profit drivers for the Group, the market fundamentals remain positive.

Efforts will be stepped up to grow the Group's fee-based income through more management contracts and our real estate based financial services business. Having increased our AUM from S\$3.1 billion in 2003 to the current S\$6 billion, the Group targets to reach S\$13 billion over the next three years. In general, there is strong interest among institutional and international private funds in Asian real estate investments. We expect to have at least one or two more REITs in the pipeline within three years.

Our performance over the past year would not have been possible without the support of our shareholders, customers, tenants and partners. We would like to thank them all for their confidence and trust in us.

We wish to express our deep appreciation to our Board members for their invaluable contributions and guidance. We thank Mr Philip Yeo, who relinquished his appointment as Director and Chairman of the CapitaLand Board with effect from 13 April 2004. As CapitaLand's founding chairman, he guided the transformation of the Group from a traditional asset-heavy property company into an international property investment, development and asset management group. We look forward to his leadership as Chairman of the International Advisory Panel (IAP). We have also benefited greatly from the advice of our IAP members, comprising industry leaders, chief executives and experts from the corporate world.

Last but not least, we wish to commend our employees for their dedication and hard work. Together, we will continue to be nimble and vigilant to ensure and increase shareholder value.

Dr Richard Hu Tsu Tau
Chairman

Liew Mun Leong
President and CEO

28 February 2005



From left to right:

Dr Richard Hu Tsu Tau (Chairman); Hsuan Owyang (Deputy Chairman); Liew Mun Leong (President and CEO); Peter Seah Lim Huat (Director); Lim Chin Beng (Director); Richard Edward Hale (Director); Jackson Peter Tai (Director); Sir Alan Cockshaw (Director); Lucien Wong Yuen Kuai (Director); Sum Soon Lim (Director); and Andrew Buxton (Director).

DR RICHARD HU TSU TAU *Chairman*

Dr Richard Hu, a Non-Executive Independent Director, joined the CapitaLand Board on 13 April 2004 and was elected Chairman on the same day. He is also Chairman of CapitaLand's Investment Committee.

Dr Hu is presently Chairman of GIC Real Estate Pte Ltd and Asia Financial Holdings Pte Ltd. He is also a Member of the Board of the Government of Singapore Investment Corporation Pte Ltd (GIC) and a Director of Buildfolio.Com.Inc. He was previously Chairman of 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 (MAS) and the GIC from 1983 to 1984. Before his appointments in MAS and GIC, he was with 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.

Dr Hu is a graduate of the University of California, USA with a Bachelor of Science in Chemistry. He also holds a Postgraduate Diploma (Chemical Engineering) and a PhD (Chemical Engineering), both from the University of Birmingham, UK.

MR 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-appointed as Director at CapitaLand's Annual General Meeting on 12 April 2004.

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 Emeritus of The Institute of Policy Studies, and Chairman of East Asian Institute, 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; and a Director of N.M. Rothschild China Holding AG and Franke Singapore Pte Ltd.

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.

MR LIEW MUN LEONG *President and CEO*

Mr Liew Mun Leong is President and CEO of CapitaLand Group. 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 and CapitaCommercial Trust Management Limited, the managers of CapitaMall Trust and CapitaCommercial Trust, respectively. He is also Chairman of CapitaLand Residential Limited, CapitaLand Commercial and Integrated Development Limited, CapitaLand Retail Limited and PREMAS International Limited, and Deputy Chairman of CapitaLand Financial Limited.

Mr Liew is the Chairman of the Board of Governors of Temasek Polytechnic, Deputy Chairman of the Civil Aviation Authority of Singapore, and a Board Member of the Public Utilities Board. He sits on the Boards of Singapore-China Foundation Ltd, The Chinese Opera Institute, and The Link Management Limited. Mr Liew also serves as a member of the Council on Corporate Disclosure and Governance.

With more than 27 years of experience in construction and real estate in Singapore and overseas, Mr Liew led and participated in a number of public sector infrastructural development projects in Singapore, including the 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.

MR PETER SEAH LIM HUAT

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 Peter Seah is Chairman of SembCorp Industries Limited, Singapore Technologies Engineering Limited and Singapore Technologies Semiconductors Pte Ltd. He is also Deputy Chairman of Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd and Global Crossing Limited, and President Commissioner of PT Indosat Tbk and PT Bank Internasional Indonesia Tbk.

Mr Peter Seah is also a Director of Chartered Semiconductor Manufacturing Ltd, STATS ChipPAC Ltd, StarHub Ltd, Asia Financial Holdings Pte Ltd, EDB Investments Pte Ltd, PSA International Pte Ltd and Siam Commercial Bank Public Company Limited. He sits on the boards of Government of Singapore Investment Corporation Pte Ltd and GIC Special Investments Private Limited. He is a member of Defence Science and Technology Agency, Singapore Chinese Chamber of Commerce & Industry, Tampines Town Council, Institute of Defence & Strategic Studies, Singapore-US Business Council and Singapore Business Federation Council.

Mr Peter Seah was President & CEO of Singapore Technologies Pte Ltd. Prior to the above appointment, 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 President & CEO from OUB on 30 September 2001.

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

MR 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-appointed as Director at CapitaLand's Annual General Meeting on 12 April 2004. 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 Press Holdings Limited, SPH MediaWorks Ltd, Valuair Ltd and Asian Aerospace Private Limited. He sits on the Board of StarHub Ltd, Pontiac Land Private Limited, Pontiac Hotel Pte Ltd, Ritz-Carlton Millenia Singapore Hotels Ltd, Ritz-Carlton Millenia Singapore Properties Pte Ltd, Value Management Pte Ltd and Press Foundation of Singapore Ltd. Mr Lim is also a Member of StarHub's Audit Committee, Chairman of Pontiac Land's Audit Committee, and a Member of the Public Service Commission. He was previously Chairman of Singapore Technologies Aerospace Limited.

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.

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.

MR RICHARD EDWARD 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 Limited, SembCorp Logistics Limited and Wheelock Properties (Singapore) Limited, 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.

MR JACKSON PETER 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 12 April 2004. 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 Chief Executive Officer of DBS Group Holdings and DBS Bank, and also Chairman of DBS Group Holdings' Management Committee and 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.

Mr Tai is also a Director of Singapore Telecommunications Limited, DBS Group Holdings 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 12 April 2004. He was a Member of CapitaLand's Nominating Committee and Executive Resource and Compensation Committee until 15 September 2004.

Currently, Sir Alan is also Chairman of the Roxboro Group PLC, HPR Holdings Ltd, and Shawbridge Management Ltd. He is Chairman of the Governors of Bolton School.

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.

MR LUCIEN WONG YUEN KUI

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 12 April 2004. In addition, Mr Wong is a Member of CapitaLand's Audit Committee, Corporate Disclosure Committee and Risk Committee.

Mr Wong is a Director of Singapore Technologies Engineering Ltd and Cerebos Pacific Limited, companies listed on the SGX-ST; and of Raffles Investments Limited and its subsidiaries. He is also trustee of SingHealth Endowment Fund.

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.

MR 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, and a Member of CapitaLand's Audit Committee. He is also Chairman of CapitaCommercial Trust Management Limited, the manager of CapitaCommercial Trust.

Mr Sum is also, amongst others, a Director of Chartered Semiconductor Manufacturing Ltd, Singapore Technologies Telemedia Pte Ltd, Singapore Press Holdings Ltd, Vertex Venture Holdings Ltd, Green Dot Capital Pte Ltd, and Singapore Health Services Pte Ltd. Mr Sum is also a Commissioner of PT Indosat Tbk and a Member of the Securities Industry Council. He formerly sat on the Board of STATS ChipPAC 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 currently a corporate advisor to Temasek Holdings (Private) Limited.

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

MR ANDREW BUXTON

Director

Mr Andrew Buxton, a Non-Executive Independent Director, joined the CapitaLand Board on 1 June 2003 and was last elected as Director at CapitaLand's Annual General Meeting on 12 April 2004. 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 UK, and Chairman of Heart of the City, an organisation which assists businesses based in the City of London in supporting the wider community.

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).

Board of Directors

Dr Richard Hu Tsu Tau
Chairman

Hsuan Owyang
Deputy Chairman

Liew Mun Leong
President and CEO

in alphabetical order according to family name:

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
Ng Chooi Peng

Audit Committee
Richard Edward Hale
Sum Soon Lim
Lucien Wong Yuen Kuai

Investment Committee
Dr Richard Hu Tsu Tau
Hsuan Owyang
Liew Mun Leong
Jackson Peter Tai
Lui Chong Chee

Executive Resource and Compensation Committee

Peter Seah Lim Huat
Hsuan Owyang
Lim Chin Beng
Jackson Peter Tai

Nominating Committee

Peter Seah Lim Huat
Hsuan Owyang
Liew Mun Leong
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
Tel +65 6823 3200
Fax +65 6820 2202

Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Tel +65 6536 5355
Fax +65 6536 1360

Auditors

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel +65 6213 3388
Fax +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
- Calyon
- Citibank N.A.
- Commonwealth Bank of Australia
- DBS Bank Ltd
- Hang Seng Bank Limited
- Industrial and Commercial Bank of China
- Malayan Banking Berhad
- 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) taps on the experiences and advice of corporate leaders from regional and global companies. The IAP meets once a year to advise and exchange views with management on global trends and regional development, and provides inputs on the Group's strategies and businesses. The IAP is chaired by Mr Philip Yeo and 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:

MR PHILIP YEO

Chairman

Agency for Science, Technology
& Research

SIR ALAN COCKSHAW

Chairman

PCS International Limited
The Roxboro Group PLC

DR KENNETH COURTIS

Vice Chairman

Goldman Sachs (Japan) Limited

MR JAN D. DOETS

Chief Executive Officer

ING Real Estate

DR FU YU NING

Director & President

China Merchants Holdings Co., Ltd.

DR VICTOR FUNG

Group Chairman

Li & Fung Distribution
(Management) Ltd

MR AMAN MEHTA

Former Chief Executive Officer

The Hongkong and Shanghai
Banking Corporation

MR ALASDAIR MORRISON

Chairman & CEO

Morgan Stanley Asia

DR VICHIT SURAPHONGCHAI

Chairman of the Executive Committee

The Siam Commercial Bank Public
Co Ltd

TAN SRI DATUK DR AHMAD

TAJUDDIN BIN ALI

Chairman

Tronoh Consolidated Malaysia Berhad

MS MARJORIE YANG

Chairman

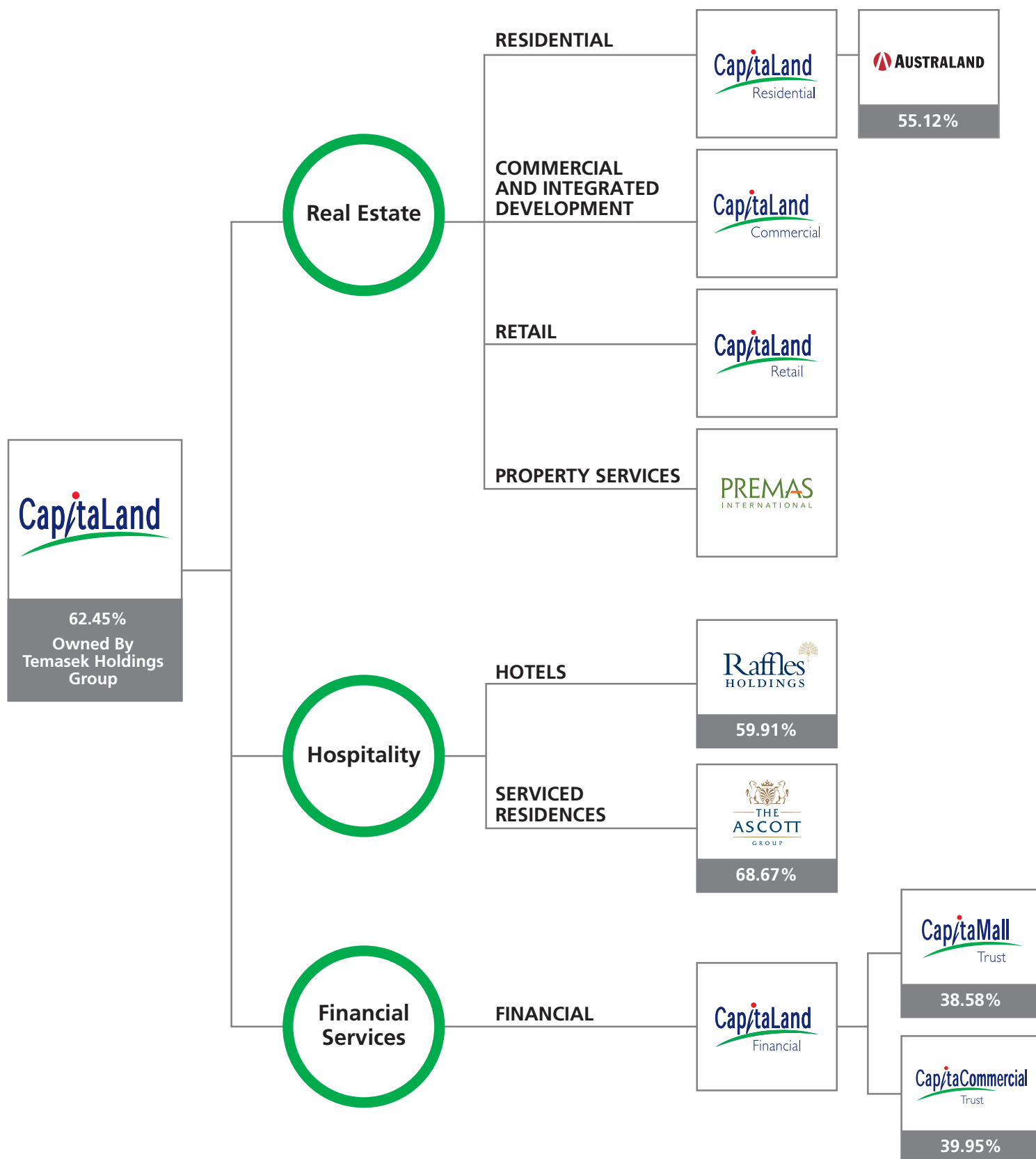
Esquel Group

The 7th CapitaLand IAP Meeting was held in Singapore in September 2004. The focus of this meeting was on CapitaLand's expansion into new markets, and the Group's human resource strategy to support its overseas growth. The CapitaLand International Forum was also held in conjunction with the IAP meeting, during which IAP member Mr Aman Mehta and Dr Peter Williamson, INSEAD Professor of International Management and Asian Business, shared their views on business potential in India and business strategies for Asian companies respectively.

Looking ahead, CapitaLand will continue to draw on the Panel's international expertise and networks as it grows its businesses in Singapore and abroad.

“We have benefited greatly from the advice of our IAP members, comprising industry leaders, chief executives and experts from the corporate world.”

Six Public-Listed Entities



Corporate Office

MR LIEW MUN LEONG

President and CEO – CapitaLand Group

Mr Liew Mun Leong is the President and CEO of CapitaLand Group and Deputy Chairman of The Ascott Group, Raffles Holdings, CapitaMall Trust Management Limited and CapitaCommercial Trust Management Limited. He is Chairman of CapitaLand Residential Limited, CapitaLand Commercial and Integrated Development Limited, CapitaLand Retail Limited, PREMAS International Limited, and Deputy Chairman of CapitaLand Financial Limited. Mr Liew is also Chairman of the Board of Governors of Temasek Polytechnic, Deputy Chairman of the Civil Aviation Authority of Singapore, a Board member of the Public Utilities Board, 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. He also serves as a member of the Council on Corporate Disclosure and Governance.

MR LUI CHONG CHEE

Chief Financial Officer – CapitaLand Group

Mr Lui Chong Chee is the Chief Financial Officer of CapitaLand Group, a Director of Australand Property Group, CapitaCommercial Trust Management Limited, CapitaMall Trust Management Limited and Raffles Holdings. Prior to this, Mr Lui was Managing Director of Citicorp Investment Bank (Singapore) Limited.

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, USA.

Residential

MR THAM KUI SENG

Chief Corporate Officer – CapitaLand Group

CEO – CapitaLand Residential Limited

Mr Tham Kui Seng is the CEO of CapitaLand Residential Limited and Chief Corporate Officer of CapitaLand Group. He is also Chairman of Australand Property Group and Deputy Chairman of United Malayan Land Bhd. He was previously Chief Operating Officer of Pidemco Land.

Mr Tham holds a Bachelor of Arts degree in Engineering Science from Oxford University, UK.

MS PATRICIA CHIA

CEO – CapitaLand Residential Singapore

Ms Patricia Chia is the CEO of CapitaLand Residential Singapore. She has over 25 years of experience in project development and management, general management and human resource & development.

Ms Chia has a Master degree in Construction Management from the National University of Singapore and graduated with First Class Honours in Civil Engineering from the University of Auckland, New Zealand.

MR BRENDAN CROTTY

CEO – Australand Property Group

Mr Brendan Crotty is the Managing Director and CEO of Australand Property Group. He is also the current Chairman of the Green Building Council of Australia.

Mr Crotty holds tertiary qualifications in surveying, town planning and business administration, which have been supplemented by additional courses at IMEDE and the Stanford Business School, USA.

MR LIM MING YAN*CEO – CapitaLand China Holdings*

Mr Lim Ming Yan is the CEO of CapitaLand China Holdings, and is responsible for the Group's real estate development and financial operations in China. He has been in his current position since 2000 and was awarded the Magnolia Award by the Shanghai Municipal Government in 2003.

Mr Lim graduated from the University of Birmingham, UK, with a Bachelor of Science (First Class Honours) in Mechanical Engineering and Economics.

MR SOONG HEE SANG*CEO – CapitaLand Residential (New Markets)**Deputy CEO (Finance & Corporate Services) – CapitaLand Residential Limited*

Mr Soong Hee Sang is CEO for New Markets and Deputy CEO for Finance & Corporate Services of CapitaLand Residential Limited. Prior to his current appointment, he was the CEO of CapitaCommercial Trust Management Limited.

Mr Soong holds a Master of Business Administration degree and a Bachelor of Science degree in Estate Management (Honours) from the National University of Singapore.

Commercial, Retail, Financial**MR KEE TECK KOON***Vice Chairman – CapitaLand Commercial and Integrated Development Limited**Vice Chairman – CapitaLand Retail Limited**CEO – CapitaLand Financial Limited*

Mr Kee Teck Koon is the Vice Chairman of CapitaLand Commercial and Integrated Development Limited and CapitaLand Retail Limited. He is also CEO of CapitaLand Financial. Prior to this, he was Managing Director and CEO of The Ascott Group. 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, UK.

MR PUA SECK GUAN*CEO – CapitaLand Retail Limited**CEO – CapitaLand Financial Limited**(Real Estate Capital Management – Retail)**CEO – CapitaMall Trust Management Limited*

Mr Pua Seck Guan is CEO of CapitaLand Retail Limited and CapitaLand Financial Limited (Real Estate Capital Management – Retail). Concurrently, he is the CEO of CapitaMall Trust Management Limited.

Mr Pua holds a Master of Science Degree in Civil Engineering from the Massachusetts Institute of Technology, USA and a Bachelor of Science in Building (First Class Honours) from the National University of Singapore.

MR MARTIN TAN*CEO – CapitaLand Commercial and Integrated Development Limited**CEO – CapitaLand Financial Limited (Real Estate Capital Management – Commercial and Integrated Development)**CEO – CapitaCommercial Trust Management Limited*

Mr Martin Tan is the CEO of CapitaLand Commercial and Integrated Development Limited and CapitaLand Financial Limited (Real Estate Capital Management – Commercial and Integrated Development). He is also CEO of CapitaCommercial Trust Management Limited.

Mr Tan holds a Master of Business Administration and a Bachelor of Arts in Business Administration with Honours (summa cum laude) from Washington State University, USA.

MR WEN KHAI MENG

CEO – CapitaLand Financial Limited (Financial Services)

Mr Wen Khai Meng is CEO of CapitaLand Financial Limited (Financial Services). Mr Wen was also previously the Deputy Chief Financial Officer of CapitaLand Limited.

Mr Wen holds a Master of Business Administration and a Master of Science in Construction Engineering from the National University of Singapore, as well as a Bachelor of Engineering (First Class Honours) from the University of Auckland, New Zealand.

Property Services

MR ANTHONY SEAH

CEO – PREMAS International

Mr Anthony Seah is the CEO of PREMAS International and Head of CapitaLand's Security Management and Brand & Customer Assurance departments. Prior to that, Mr Seah was CEO of a fully owned subsidiary of a public listed engineering and construction company.

Mr Seah 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.

Hotels

MS JENNIE CHUA

President and CEO – Raffles Holdings Limited

Chairman – Raffles International Limited

Ms Jennie Chua is the President and CEO of Raffles Holdings Limited and concurrently Chairman of Raffles International, the hotel management arm of Raffles Holdings. She is Chairman of the Community Chest, Singapore Film Commission, Skills Development Fund Advisory Committee and Sentosa Cove Pte Ltd.

Ms Chua holds a Bachelor of Science from Cornell University, USA and is presently on Cornell University's Board of Trustees.

MS LEONG WAI LENG

Deputy CEO – Raffles Holdings Limited

CEO – Raffles International Limited

Ms Leong Wai Leng is the Deputy CEO of Raffles Holdings Limited and concurrently CEO of Raffles International Limited. She is also a Board Member of Infocomm Development Authority of Singapore (IDA).

Ms Leong has a Bachelor of Arts (Honours) in Engineering Tripos and a Master of Arts from Cambridge University, UK. She also holds a Master of Applied Finance from Macquarie University, Australia.

Serviced Residences

MR CAMERON ONG

Managing Director and CEO – The Ascott Group

Mr Cameron Ong is the Managing Director and CEO of The Ascott Group. He is also a consultant to the Beijing International Investment Promotion Council, and sits on the executive committee of the Philippines-Singapore Business Council, and the Singapore Tourism, Hotel and Accommodation Services Industry Skills and Training Council.

Mr Ong, a certified hotel administrator from the Educational Institute of American Hotel and Lodging Association, attended senior management programmes at the Institute of Management Development in Lausanne, Switzerland and Tsinghua University in Beijing, China.

“In 2004, the Group re-organised its business structure to ensure greater management focus on high growth areas.”

Jan

PREMAS International set up a joint venture, Tricon PREMAS LLC, to provide integrated facility management services and capitalise on facilities management opportunities in the United Arab Emirates.

Raffles International launched Swissôtel Nai Lert Park in Bangkok.

Mar

CapitaRetail Singapore successfully closed a S\$506 million issue of Commercial Mortgage Backed Securities (CMBS). This was Singapore's first CMBS issue with Euro-denominated Notes.

The Ascott Group won top honours at the 30th Singapore Annual Report Awards for Best Annual Report and for Best Operating and Financial Review. CapitaLand and Raffles Holdings clinched Merit awards.

PREMAS International formed a joint venture, PREMAS Total Asset Services Sdn. Bhd., in Malaysia.

CapitaCommercial Trust's S\$580 million CMBS issue was over-subscribed by more than four times, with strong demand from a broad range of investors in Europe and Asia.

CapitaLand acquired a 153,140 square metre residential site in Shanghai's Minhang District. Approximately 500 townhouses will be built on the site.

Apr

CapitaLand launched CapitaRetail Japan Fund, a private Japan retail property fund of ¥10 billion (S\$155 million). La Park Mizue, Tokyo, a suburban mall, will form the seed investment for this fund.

CapitaLand celebrated the commencement of its operations in Beijing. The event was officiated by Mr Lu Hao, Vice Mayor of Beijing and Ms Ho Ching, Executive Director and CEO of Singapore's Temasek Holdings.

CapitaLand China Residential Fund secured additional commitments to the Fund, bringing the aggregate total amount to US\$61 million (S\$102 million).

CapitaLand launched and successfully closed a US\$155.6 million (S\$262 million) rated Residential Mortgage Backed Securities (RMBS) issue backed by the sales receivables from two condominiums – The Imperial and The Botanic on Lloyd.

Rebranded as Swissôtel Nankai Osaka, the hotel celebrated its grand opening in Japan.

May

The Ascott Group formed a marketing alliance with the serviced residence arm of Equity Residential, one of the largest publicly traded apartment companies in the US. This extends Ascott's global reach to North America.

CapitaCommercial Trust (CCT), Singapore's first commercial REIT, commenced trading on the Singapore Exchange, following an in-specie distribution of CCT units to CapitaLand shareholders.

Raffles City Shanghai, a landmark development built by a consortium led by CapitaLand, was officially opened by Singapore's then Deputy Prime Minister, Mr Lee Hsien Loong, and Shanghai's then Vice Mayor, Mr Jiang Si Xian.

Raffles Holdings completed its capital distribution exercise, which returned S\$375 million to shareholders, as part of its continuing efforts to enhance shareholder value.

Australand Property Group acquired the Australand Wholesale Property Trust No. 3. This will increase the proportion of recurrent income on an annualised basis to 35%.

Jun

CapitaLand acquired a 125,716 square metre residential site, which can accommodate 230 landed homes, in Chaoyang District, Beijing.

The Ascott Group launched the rebranded 116-unit Somerset Olympia serviced residence in Manila.

Raffles International inked an agreement to manage a 235-room deluxe hotel under the Swissôtel brand in Moscow. To be named Swissôtel Krasnye Holmy, Moscow, it is scheduled to open in 2005.

Jul

CapitaLand acquired its first site in Guangzhou. Approximately 600 units can be built on the 18,436 square metre site in Tianhe District.

The Ascott Group soft-opened the 107-unit Somerset Bencoolen in Singapore amid strong demand for serviced apartments. The property represents Ascott's new prototype for its Somerset brand, which is a market leader in Asia Pacific.

CapitaMall Trust successfully closed a US\$215.5 million CMBS issue to partially finance its purchase of Plaza Singapura, Singapore.

Aug

CapitaMall Trust acquired Plaza Singapura for S\$710 million from CapitaLand Commercial, expanding its portfolio to a total of five assets.

Raffles International signed a strategic marketing alliance with Taj Hotels Resorts and Palaces in India, to tap on the fast growing Indian travel market.

CapitaLand was appointed by the Hong Kong Housing Authority as a strategic partner for its proposed first real estate investment trust, The Link REIT. It will have one million square metres of retail space and about 100,000 car park spaces.

Raffles International signed a deal to manage a luxury resort in French Polynesia in the South Pacific. The 65-villa resort is named Raffles Resort Taimana, Tahaa, French Polynesia.

Raffles Hotel is the first hotel in Singapore to sign a memorandum of agreement for a flexible wage structure.



Citylights, Singapore

Sep

The Ascott Group secured its first management contract for a 348-unit serviced residence in Seoul's central business district, marking its entry into the South Korean market.

CapitaLand acquired a 39,836 square metre residential site in Baoshan District, Shanghai, where it plans to build about 700 homes.

CapitaLand launched its first Beijing residential project, La Forêt. When fully completed, the award-winning condominium will have about 1,700 units.

The Ascott Group secured management contracts to operate Somerset Chongrui serviced residence in Suzhou Industrial Park, and Citadines Jinqiao in Shanghai.

CapitaLand saw strong sales for the launch of the 530-unit Varsity Park Condominium, located along West Coast Road near the National University of Singapore.

Oct

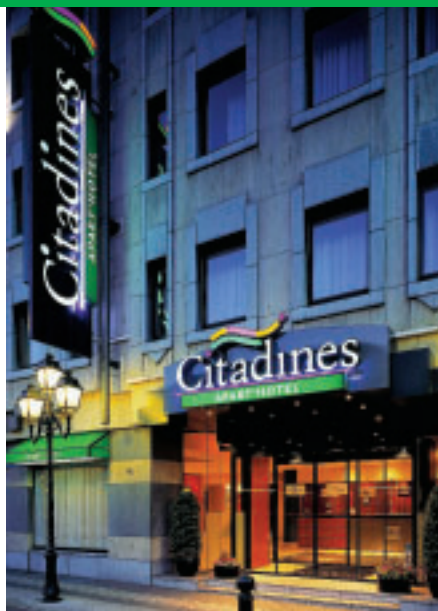
The Ascott Group completed the acquisition of the remaining 50% interest in Citadines, a leading pan European serviced apartment chain with 5,000 units in cities such as Paris, London, Brussels, Barcelona and Berlin.

Swissôtel Merchant Court signed a memorandum of agreement on wage restructuring to enhance wage flexibility and labour competitiveness.

The Ascott Group launched the 117-unit The Ascott Sathorn, its first luxury-tier serviced residence in Bangkok. Created as one of Ascott's finest flagship residences in the Asia Pacific, the property extends the Group's presence in Bangkok's luxury segment market.

PREMAS International entered into a joint venture to form VIPUL PREMAS (India) Pte. Ltd., to provide integrated facility and property management services in India.

CapitaLand Commercial was restructured into two business units – CapitaLand Commercial and Integrated Development, and CapitaLand Retail – to ensure greater management focus on high growth areas.



Citadines Toison d'Or, Brussels

Nov

CapitaLand Residential signed a Subscription Agreement for a 90% equity stake in Ghim Li Property Pte Ltd, a company which owns a 6,519 square metre condominium site in Tanjong Rhu, Singapore.

Raffles International clinched the celebrated *Condé Nast Traveler* 2004 Readers' Travel Awards for seven Raffles Hotels & Resorts as being among the best in the world.

Raffles International marked the launch of Raffles Resort Canouan Island, The Grenadines, located in the heart of the Caribbean.



Athenee Residence, Bangkok

Dec

CapitaLand launched the first phase of Citylights, a 600-unit high-rise condominium located next to Lavender MRT station in Singapore.

CapitaLand's joint venture company in Thailand, TCC Capital Land, launched its first luxury residential project, Athenee Residence. Over 80% of the 219-unit freehold condominium has been booked since its official launch.

Raffles International's SPAcademy and Cornell University's School of Hotel Administration teamed up to put together Asia's first Executive Development Programme in Spa Management.

CapitaLand, together with joint venture partners, American International Group, Inc. (AIG) and Lai Sun Development, celebrated the topping out of the landmark office building, AIG Tower, located in Central, Hong Kong.

Raffles International unveiled its exclusive guest recognition programme, Raffles Capital, under its Raffles Hotels & Resorts brand.

CapitaLand signed a co-operative agreement with Shenzhen International Trust and Investment Co., Ltd (SZITIC) to build and manage shopping malls across China. These malls will be anchored by Wal-Mart, the world's largest retailer.

LIEW MUN LEONG

President and CEO

THAM KUI SENG

Chief Corporate Officer

LAI CHOON HUNG

Deputy Chief Corporate Officer

LUI CHONG CHEE

Chief Financial Officer

OLIVIER LIM

Deputy Chief Financial Officer

ANTHONY SEAH

Head
Brand and Customer Assurance Team

Head
Security Management

*in alphabetical order according to
family name (underlined):*

GERALD LEE

Senior Vice President
Corporate Marketing
(with effect from 1 February 2005)

SYLVIA LEE

Senior Vice President
Human Resource & Corporate Services
(with effect from 24 January 2005)

JENNIFER LOH

Senior Vice President
Group Tax Services

BASSKARAN NAIR

Senior Vice President
Communications

NANCY NG

Senior Vice President
Human Resource & Corporate Services
(till 28 February 2005)

*in alphabetical order according to
family name (underlined):*

BOAZ BOON

Vice President
Research

HAZEL CHEW

Vice President
Finance

ANNA CHOO

Vice President
Treasury

RAJAGOPAL GOVINDARAJOO

Vice President
Business Process Engineering

HUBERT LADSTATTER

Vice President
Risk Assessment

RITA LAU

Vice President
Corporate Planning

LIM SOO GEE

Vice President
Security Management

LOW WAN FUN

Vice President
Internal Audit

JEREMY SOH

Vice President
InfoNet

TAN WAH NAM

Company Secretary/
Vice President
Legal

HAROLD WOO

Head
Investor Relations

Financial Calendar

Financial year ended 31 December 2004

Announcement of First Quarter Results	3 May 2004
Announcement of Half-year Results	5 August 2004
Announcement of Third Quarter Results	29 October 2004
Announcement of Full-year Results	7 February 2005
Annual General Meeting	29 April 2005
Books Closure Dates	11 May 2005 to 13 May 2005 (both dates inclusive)
Proposed Payment of 2004 Final Dividend & Special Dividend	25 May 2005

Financial year ending 31 December 2005

Proposed Announcement of First Quarter Results	May 2005
Proposed Announcement of Half-year Results	August 2005
Proposed Announcement of Third Quarter Results	November 2005
Proposed Announcement of Full-year Results	February 2006

The Levelz, Singapore



CapitaLand Residential Limited's (CRL) operations are focused primarily in the key gateway cities in Singapore, Australia, China and Malaysia. The hallmark of its brand is to build homes of lasting value, and emphasise on product leadership and continual innovation. CRL will continue to improve its capital productivity by increasing the turnover of its assets and deploying capital from matured markets to higher yielding ones.

“Our focus remains on capital productivity and product leadership through innovative designs that meet the contemporary lifestyles of our homebuyers.”

Tham Kui Seng
CEO, CapitaLand Residential Limited



From left to right:
Tham Kui Seng; Patricia Chia; Brendan Crotty;
Lim Ming Yan; Soong Hee Sang

Mr Tham Kui Seng

CEO, CapitaLand Residential Limited

Ms Patricia Chia

CEO, CapitaLand Residential Singapore

Mr Brendan Crotty

MD, Australand Property Group

Mr Lim Ming Yan

CEO, CapitaLand China Holdings

Mr Soong Hee Sang

CEO, CapitaLand Residential (New Markets)



Varsity Park Condominium, Singapore, is designed with a modern-day village concept.

The Singapore residential market saw buyer sentiments strengthen on the back of the country's strong economic recovery, especially in the second half of the year. CRL launched two projects towards the end of the year, Varsity Park Condominium and the first phase of Citylights condominium. They were both very well received.

In Singapore, CRL has also been selectively looking for good development sites. It signed an agreement to subscribe to a 90% stake in Ghim Li Property in November. Upon completion, this agreement will give CRL the right to develop the leasehold site in Tanjong Rhu into a riverfront condominium development. During the year, The Loft condominium won both international and local acclaim for design excellence.

"2004 was a watershed year that stabilised the Singapore residential market. The economic recovery and strong affordability augur well for the residential market. We will continue to build distinctive homes of lasting value for discerning buyers."

Patricia Chia
CEO, CapitaLand Residential Singapore



Balmain Shores, Sydney

“We are on track to achieve our strategy of reducing dependence on development profits and increasing the level of recurrent investment income. The target is to have our investment property assets contributing at least 50% of total net income by 2007.”

Brendan Crotty

Managing Director, Australand Property Group



King Street Wharf, Sydney

CRL's subsidiary in Australia, Australand Property Group, performed exceedingly well in 2004. Australand achieved its eighth consecutive year of record profits since listing in 1997. It is on track to achieve its stated medium term strategy of reducing its dependence on development profits and increasing the level of recurrent investment income. Within this strategy, it targets to have its investment property assets contribute at least 50% of its total net income by 2007.

During the year, Australand Property Group acquired the Australand Wholesale Property Trust No. 3, thereby increasing the total value of investment property assets from about A\$380 million to A\$600 million. The group will continue to increase the size of its income producing property portfolio.



La Forêt, Beijing, an award-winning development.

“Over the years, we have gained wide brand recognition in China through our strong presence in Shanghai where we are now among the top three international developers. We will replicate this success in Beijing and Guangzhou in the coming years.”

Lim Ming Yan
CEO, CapitaLand China Holdings

It was an active year for CRL in China. Its homes in Shanghai continued to sell well as demand remained strong, supported by robust economic growth and increasing affordability. CRL celebrated the commencement of its Beijing operations in April and launched its first residential development, La Forêt.

During the year, the La Forêt development, together with Oasis Riviera and La Cité condominiums in Shanghai, clinched a number of awards for strong sales and quality design.

The company acquired four sites for residential development. Two of the sites are in the Minhang District and Baoshan District in Shanghai; one site is in Beijing's Chaoyang District; and the fourth is in Guangzhou's Tianhe District, which will be a mixed development comprising residential and serviced residence units.

CRL has a presence in Malaysia via associate company United Malayan Land, which is listed on the Kuala Lumpur Stock Exchange.

Going forward, CRL will continue to strengthen its operations in key markets, where it will progressively launch new homes and selectively acquire more good sites for future development. Singapore should see a positive growth in the property market on the back of a broad-based economic recovery. Australia and China, with their healthy market fundamentals, are expected to contribute strongly to the company's profitability.

“The multi-local strategy in key gateway cities has worked in China and Australia. In 2005, we are looking at emerging markets overseas, such as Vietnam and India.”

Soong Hee Sang
CEO, CapitaLand Residential (New Markets)



The Loft, Singapore, was highly commended by FIABCI.

Building Award-winning Homes

CapitaLand has clinched accolades in Singapore and abroad during the year for its various residential projects. The accolades are endorsements of the high standards that the company holds towards the design excellence of its homes.

In Singapore, The Loft condominium's minimalist design, against a backdrop of conserved trees, was 'Highly Commended' at the international Prix d'Excellence competition held by FIABCI, (French acronym for the International Real Estate Federation). The Loft also bagged the 2004 Design Award accorded by the Singapore Institute of Architects. It was selected as one of the Singapore projects showcased at the 2004 Venice Biennale International Architecture Exhibition.

In China, CapitaLand's first Beijing residential project – La Forêt – won two awards prior to its launch. It was accorded the 'China Estate Master Plan Model Residential Project' in a competition organised by China's Ministry of Construction. La Forêt was also named 'The Most Promising Estate 2004' based on a research study conducted by the China Estate & Research Committee and Beijing Huaxia Chuangfu Investment. In addition, the La Cité condominium in Shanghai clinched a number of awards including being ranked as one of the top 10 'Shanghai International Quality Residential Developments' in 2004. Oasis Riviera, another condominium in Shanghai, was awarded the 'Most Popular Residential Project 2004'.

Mr Kee Teck Koon

Vice Chairman, CapitaLand Commercial and Integrated Development Limited

Vice Chairman, CapitaLand Retail Limited

CEO, CapitaLand Financial Limited

Mr Martin Tan

CEO, CapitaLand Commercial and Integrated Development Limited

CEO, CapitaLand Financial Limited
(Real Estate Capital Management –
Commercial and Integrated Development)

CEO, CapitaCommercial Trust Management Limited

Mr Pua Seck Guan

CEO, CapitaLand Retail Limited

CEO, CapitaLand Financial Limited
(Real Estate Capital Management – Retail)

CEO, CapitaMall Trust Management Limited

Mr Wen Khai Meng

CEO, CapitaLand Financial Limited
(Financial Services)

“Today, our initiatives are targeted at increasing yield for our asset owners, creating a conducive environment for our customers to do business in, and developing a fulfilling workplace for our employees. These initiatives will help us build a strong and recognisable management brand in commercial and retail property sectors.”

Kee Teck Koon

Vice Chairman, CapitaLand Commercial and Integrated Development Limited; Vice Chairman, CapitaLand Retail Limited; and CEO, CapitaLand Financial Limited



From left to right:
Kee Teck Koon; Martin Tan;
Pua Seck Guan; Wen Khai Meng



AIG Tower, Hong Kong



CapitaLand Commercial and Integrated Development Limited (CCID) is one of two business units formed as a result of a restructuring of CapitaLand Commercial Limited in 2004. The other business unit is focused on the retail sector.

CCID was incorporated to focus on the high growth commercial and integrated property business in Singapore and internationally. Today, CCID is a leading commercial property developer and landlord in Singapore. Its strategic intent is to maintain its leadership position, increase asset yields of its existing properties and expand its foothold in overseas markets.

In the commercial sector, CCID has a portfolio of properties that ranges from landmark office buildings and car parks in the central business district, to high tech industrial complexes. In 2004, the Group continued to enhance and redevelop its commercial properties to improve yields. One George Street, a Grade A office property with large floor plates, is located within the prime Raffles Place business district. The building received its temporary occupation permit (TOP) in late December 2004.

Mr Kee Teck Koon

Vice Chairman, CapitaLand Commercial and Integrated Development Limited

Mr Martin Tan

CEO, CapitaLand Commercial and Integrated Development Limited



Capital Tower, Singapore, a landmark and award-winning property in the central business district.



25 Moorgate, London, an office property which enjoys full occupancy.

“We are Singapore’s market leader in the commercial property sector. Looking ahead, we will work actively to increase asset yields of our existing properties, seize business opportunities in Singapore’s recovering office market, and expand our presence overseas.”

Martin Tan

CEO, CapitaLand Commercial and Integrated Development Limited

In 2004, a key milestone in the commercial sector by CapitaLand was the commencement of trading for CapitaCommercial Trust (CCT), Singapore's first commercial REIT. The listing of CCT on the Singapore Exchange (SGX-ST) in May was done via a distribution in-specie of CapitaLand shares. Seven prime properties from the CCID stable were put into the CCT portfolio. The combined value of CCT units and CapitaLand shares at the end of 2004 represented a creation of additional value for shareholders who held on to both their CCT units and CapitaLand shares. Since its listing, CCT has delivered a respectable total shareholder return of 31% as at 31 December 2004.

Prior to the listing of CCT, S\$580 million was raised through a Commercial Mortgage Backed Securities (CMBS) issue in March.

Overseas, CCID has commercial property investments in the gateway cities of Kuala Lumpur, Hong Kong, Shanghai and London. The office developments are located in the central business districts of the respective gateway cities.

In China, Raffles City Shanghai, a landmark commercial development built by a consortium led by CapitaLand, was officially opened by Mr Lee Hsien Loong, Singapore's Prime Minister (who was then Deputy Prime Minister), and Mr Jiang Si Xian, who was then Shanghai's Vice Mayor. The mixed development of retail shops and offices, is now enjoying high occupancy rates, with multinationals and Singapore enterprises under its roof.

In Thailand, CapitaLand's joint venture with TCC Capital Land, was formed in September 2003 to invest, develop and manage properties in the residential, office and retail sectors. In December 2004, the company launched its first luxury residential project, Athenee Residence. Over 80% of the 219-unit freehold condominium has been booked. The joint venture has plans for three to five more development projects.

In Hong Kong, CapitaLand celebrated the topping out of AIG Tower, a landmark office building located in Central, Hong Kong's prime business district. The joint venture partners for AIG Tower are Lai Sun Development and American International Group, Inc. (AIG). The project is expected to receive its TOP in early 2005. In London, the Moorgate office property, in which the Group has a 50% stake, enjoyed full occupancy.

Looking ahead, the company will seize business opportunities in Singapore, including the proposed Integrated Resort at both the Sentosa Island and Marina Bayfront sites. The company is also currently exploring partnerships for the Business Financial Centre project in Singapore.



One George Street: At the forefront of future office buildings in Singapore

Combining an excellent location, a world-class design and quality customer service, One George Street is a benchmark for future offices in Singapore. Private lift lobbies, beautifully landscaped sky gardens and a fifth floor 'oasis' with swimming pool and gymnasium are just some of the unique features of this premium office building.

Designed by world-renowned architect, Skidmore, Owings & Merrill, this new age office building boasts a spectacular arrival area, a virtually column-free floor plate of 30,000 square feet per floor, and unencumbered views of the city. Full height glass walls provide illumination by natural light, while lush sky terraces nestle in each face of the building. Built on the site of the former Pidemco Centre, One George Street is strategically situated in the central business district close to major transport networks as well as dining and shopping conveniences. The building received its TOP in late December 2004.

Mr Kee Teck Koon

Vice Chairman, CapitaLand Retail Limited

Mr Pua Seck Guan

CEO, CapitaLand Retail Limited



Bukit Panjang Plaza, Singapore

CapitaLand Retail Limited (CRTL) was formed in 2004 to give greater focus to the high growth retail property business in Singapore and overseas. During the year, CRTL concentrated on improving the yields of its existing properties through asset enhancements, active property management, and introduction of novel retail ideas and concepts. It continued to build up its portfolio of malls for new property funds, and extended its presence overseas.

In Singapore, CRTL is a market leader with 11 malls under management in the suburban and central areas. These 11 malls include the five malls owned by Singapore's first REIT, CapitaMall Trust (CMT), and the three malls owned by the private retail property fund, CapitaRetail Singapore (CRS). CRTL is also the retail development manager of VivoCity, which when completed in end 2006, will be Singapore's largest retail, leisure and entertainment destination. Overseas, CRTL owns or manages 14 retail properties in Japan, China and Malaysia.

In 2004, CRS successfully closed a S\$506 million issue of Commercial Mortgage Backed Securities (CMBS) for the acquisition of the three malls under CRS. With two tranches issued in Euro-denominated notes, this was the first CMBS issue with Euro-denominated Notes launched out of Singapore.

During the year, as part of CapitaLand's monetisation programme, Plaza Singapura was sold to CMT for S\$710 million. It was the largest retail property transaction in Singapore for 2004. In July, CMT successfully closed a US\$215.5 million CMBS issue to partially finance the purchase. This issue was over-subscribed with strong demand received from European and Asian investors.

Plaza Singapura, Singapore





Clarke Quay: Soul of the City

Situated at the mouth of the Singapore River, Clarke Quay was the centre of commerce in the late 19th century. Today, a rejuvenated Clarke Quay is abuzz with life and activities. Its waterfront godowns now play host to a colourful kaleidoscope of restaurants, wine bars, entertainment spots and unique street festivities.

Fronting the 200-metre long riverfront are eight colourful platforms called 'Lilypads'. These Lilypads are built 1.5 metres over the water providing a one-of-a-kind alfresco dining experience. The avant-garde design also incorporates a series of interconnected roof canopies called 'Blue Bells' with colourful lights projected onto the surface. The vibrant concept, developed by world-renowned UK architectural firm, Alsop Architects, is part of a S\$80 million project to make Clarke Quay a premier F&B, entertainment and lifestyle precinct in Singapore.

Overseas, CRTL pursued several initiatives. In Japan, it successfully launched CapitaRetail Japan Fund (CRJ), a private Japan retail property fund of ¥10 billion (S\$155 million). CapitaLand continued its monetisation programme by injecting La Park Mizue, a suburban retail mall in Tokyo, into CRJ as seed investment. Recently, in February 2005, CRJ acquired a second mall, Izumiya Hirakata, in Hirakata City, Osaka Prefecture. Both malls in CRJ are managed by CRTL.

In China, CRTL played a significant role in bringing popular home-grown Singapore brands to the Raffles City Shanghai (RCS) mall. These included BreadTalk, Osim, Aussino, bods.bodynits, Bee Cheng Hiang, Beard Papa, Delifrance and Megabite Foodcourt. The retail mall, managed by CRTL, is located opposite People's Square in the heart of Shanghai's central business district. RCS has enjoyed full occupancy and high traffic since its opening in May 2004. It is now considered one of the top three malls in Shanghai, catering to the middle and upper segments of the market.

CRTL's expertise in retail management and financial structuring, honed in Singapore, has gained recognition in China. CRTL signed co-operative agreements with the Shenzhen International Trust & Investment Co., Ltd (SZITIC) and the Beijing Hualian Group Investment Holding Co., Ltd (Beijing Hualian) to buy malls in various parts of China.



La Park Mizue, Tokyo

With SZITIC, a Chinese state-owned trust and investment firm, CapitaRetail China will acquire and manage a portfolio of six malls in provincial cities in China, to be anchored by Wal-Mart, the world's largest retailer. With Beijing Hualian, one of the largest local retailers in China, CRTL will acquire two malls in Beijing. One of the malls in Beijing will be managed by CRTL. By end 2005/ early 2006, these S\$730 million worth of assets will be operational and generating cash flow, making them ideal assets for a proposed China retail property fund with listing potential.

Looking ahead, CRTL will continue to enhance its expertise in retail management to grow its business in Singapore and internationally.



Artist's impression of Wangjing Mall, Beijing

“We have the expertise and business acumen to extract greater value from our retail assets. By leveraging on our successful business model, CapitaLand Retail continues to actively seek opportunities to collaborate with local and foreign partners to further grow our footprint in the region.”

Pua Seck Guan
CEO, CapitaLand Retail Limited

Artist's impression of one of the six new malls in China, to be anchored by Wal-Mart.



Capital Tower, Singapore



“There is an increasing appetite among international institutional and private investors for investments in Asian real estate. We are well positioned to capitalise on this capital flow, to expand our share in the market, and to move rapidly towards our vision of being a leading Asian player in the real estate financial advisory and fund management business.”

Kee Teck Koon
CEO, CapitaLand Financial Limited

CapitaLand Financial Limited's (CFL) focus is to unlock and enhance the potential of real estate assets, maximise value for property owners and investors, and provide real estate financial solutions to property owners and investors. Today, CFL is a leading provider of boutique financial services for real estate-related investments in the Asia Pacific region. Currently, it has S\$6 billion of assets under management, which is a two-fold jump from S\$3.1 billion a year ago.

The company's comprehensive capabilities include origination, structuring, property fund management and advisory services. There are dedicated teams in Singapore, Bangkok, Beijing, Hong Kong, Kuala Lumpur, London, Shanghai and Tokyo providing specific market knowledge to maximise opportunities and balance risks in the context of local legislations and conditions. CFL offers customers investment opportunities, local intelligence, and operational capabilities in the countries it operates in.

2004 was an eventful year for CFL. It provided advisory services for the launch of CapitaCommercial Trust (CCT); advised on CapitaMall Trust's (CMT) acquisition of Plaza Singapura; and launched several property funds overseas.

A key initiative by CFL in 2004 was the launch of CCT – Singapore's first commercial property REIT. The REIT was successfully listed on 11 May 2004 on the Singapore

Mr Kee Teck Koon

CEO, CapitaLand Financial Limited

Mr Wen Khai Meng

CEO, CapitaLand Financial Limited (Financial Services)

Mr Martin Tan

CEO, CapitaLand Financial Limited
(Real Estate Capital Management –
Commercial and Integrated Development)

CEO, CapitaCommercial Trust Management Limited

Mr Pua Seck Guan

CEO, CapitaLand Financial Limited
(Real Estate Capital Management – Retail)

CEO, CapitaMall Trust Management Limited



Marc Service Residence, Kuala Lumpur

Exchange (SGX-ST). CCT currently owns a S\$1.9 billion portfolio of seven prime properties in the central business district of Singapore.

The properties are Capital Tower, 6 Battery Road, Starhub Centre, Robinson Point, Bugis Village, Golden Shoe Car Park and Market Street Car Park. CFL recently unveiled a two-pronged growth strategy namely, to widen its sectoral coverage, for example, by including mixed developments, business parks and car parks; and exploring opportunities outside of Singapore.

In Singapore, CFL provided advisory services to CMT, in the latter's acquisition of Plaza Singapura. The sale of Plaza Singapura by CapitaLand to CMT for S\$710 million was the largest shopping mall transaction in Singapore in 2004.

Both CMT and CCT have delivered excellent total shareholder returns since their listings on the main board of the SGX-ST. Since their listings, CMT and CCT have delivered total shareholder returns of 105% and 31% respectively, as at 31 December 2004.

Overseas, CFL had an equally active year. It successfully launched and closed the CapitaLand China Residential Fund and the CapitaRetail Japan Fund. CFL also clinched a strategic partnership with the Hong Kong Housing

“CapitaLand Financial will continue to build on its real estate and capital management capabilities to launch more real estate-based financial products as well as property funds to cater to the investment appetite of institutional and retail investors in Asia and beyond.”

Wen Khai Meng

CEO, CapitaLand Financial Limited (Financial Services)

Authority (HKHA) for its proposed first real estate investment trust, The Link REIT, to which CapitaLand committed a cornerstone investment of US\$180 million.

Looking ahead, CFL will grow its existing funds under management through accretive acquisitions and proactive asset enhancement. It also sees opportunities in property funds and REITs in retail, residential and office properties in Asia. CapitaLand aims to more than double its assets under management in Singapore and abroad to S\$13 billion in the next three years, up from the current S\$6 billion. This is timely given the increasing appetite among institutional and private investors for investment in Asian real estate. CapitaLand will focus on key markets like China, Hong Kong, Japan, Malaysia and Thailand.

Kiaraville, Kuala Lumpur, for which CFL provided management advisory services.





Oasis Riviera, Shanghai

Assets Under Management (AUM)

CapitaLand's team of professionals in the region manages a prime portfolio of assets on behalf of its clients and partners.

CFL provides a variety of boutique financial services for real estate-related investments in Asia. Its unique platform combines global real estate domain knowledge with in-depth financial expertise to unlock and enhance the potential of real estate assets. CFL has successfully conceptualised, structured, launched and completed many ground-breaking real estate financial services, including asset and credit enhancements, and structuring and syndicating mezzanine financing products for real estate projects.

Going forward, CFL aims for its AUM to surpass S\$13 billion by 2007. Its specialist knowledge, focus on quality management and transparency, coupled with its strategic partnerships, form a significant competitive advantage in addressing the needs of investors and property owners. Going ahead, it looks to growing its business by further expanding its institutional client base in Japan, Europe and throughout Southeast Asia.

“CapitaCommercial Trust, Singapore's first commercial property REIT, marks another milestone in the growing maturity of Singapore's real estate financial services industry. Going forward, REITs as an asset class have enormous potential, both in Singapore and the Asia Pacific region.”

Martin Tan

CEO, CapitaLand Financial Limited (Real Estate Capital Management – Commercial and Integrated Development); and CEO, CapitaCommercial Trust Management Limited

“Through our pioneering efforts in Singapore, retail REITs have become a preferred investment instrument as they deliver attractive yield, stable and regular distributions, and potential upside to investors.”

Pua Seck Guan

CEO, CapitaLand Financial Limited (Real Estate Capital Management – Retail); and CEO, CapitaMall Trust Management Limited



Plaza Singapura, Singapore

Technopark@Chai Chee, Singapore





Engineering Services and Energy Management



PREMAS International – The Total Real Estate Manager

PREMAS International remains committed to providing a full range of real estate services, offering new technology-based facility management products, and maximising operational yields for its customers in Singapore and overseas. As a leading Total Real Estate Manager, the company has grown from strength to strength. In addition to facility and township management, total building performance and consulting services, PREMAS' portfolio now includes Energy Services and Technology Licensing.

PREMAS has established a pole position in Total Real Estate Management (TREM). By handing over asset and facility management to the company through TREM, clients can focus resources and management time on the highest value areas. Further leveraging on its domain knowledge and technologies, PREMAS also implemented a new product, Total Asset Manager (TAM), in major commercial and industrial properties and facilities that it manages. TAM is an in-house developed web-based service delivery platform which helps building owners keep track of their building maintenance and operating costs from one central location. TAM allows seamless integration of processes and timeliness of information management for decision-making, resulting in improved operational yield and efficiency.

“PREMAS as a leading Total Real Estate Manager has grown from strength to strength. Our business and the real estate domain have changed and we will have to change and manage change to maximise operational yields for our customers.”

Anthony Seah
CEO, PREMAS International

Among PREMAS' new products is Displacement Ventilation, an air distribution method for better indoor air quality and energy efficiency. PREMAS also developed competencies in clean room fit-out and equipment hookup works for high-tech facilities, and carried out facility reliability audit for clients.

In 2004, PREMAS expanded its product and service offerings in Singapore and overseas. It entered into strategic partnership agreements in new markets, namely India and the United Arab Emirates. The company now has a presence in various key cities, including Singapore, Kuala Lumpur, Jakarta, Bangkok, Beijing, Shanghai, New Delhi, Doha and Dubai. The services provided are total asset management, mechanical and electrical audits and consulting, building automation system and technical consulting, facility management consulting, and technology licensing.

In Singapore, a noteworthy milestone for the PREMAS Energy Centre during the year was its partnership with the National Environment Agency to conduct the first-ever major energy audit exercise for public housing. The audit exercise comprised identifying potential energy saving measures for town councils. Its Energy Centre has also made inroads into Malaysia, Thailand and China.

Meanwhile, the PREMAS Training College widened its range of programmes through local and overseas partnerships. The College also organised Facility Asia, a major conference for Facility Management professionals in the region held in January 2005 in Singapore.



Marine Parade Town Council, Singapore



Temasek Tower, Singapore, a commercial building managed by PREMAS.

The company continued to strengthen its presence in China. PREMAS Shanghai was awarded a Grade II property management company status. Prime office and retail developments that it managed in several Chinese cities in 2004 include Raffles City Shanghai, Superbrand Mall in Shanghai, Suzhou Orient Gate, The Exchange Beijing, and The Exchange Tianjin. PREMAS' landscape arm, LandArt Shanghai, boasts an impressive list of clientele, 90% of which are established local Chinese and Hong Kong developers. LandArt Shanghai is poised for further growth as it focuses on the burgeoning property market in the Zhejiang Jiangsu region.

In Indonesia, PT PREMAS leveraged its strength in property management to successfully augment its services with Mechanical and Electrical audits and consulting. During the year, PREMAS Thailand took on additional projects and tripled its managed commercial space since its inception two years ago. These landmark projects include SCB Plaza, a 21-acre world-class office development and home of the Siam Bank headquarters, and Erawan Bangkok, a newly refurbished shopping mall.

Going forward, the company's strategy is to continue to grow its local market share and aggressively penetrate overseas markets through its competitive edge in Total Asset Management and Technology Licensing.



Suzhou Orient Gate

Expanding Internationally into New Markets

During the year, PREMAS International entered into several strategic partnerships, paving the way for its entry into new international markets. Its competitive edge in providing Total Real Estate Management services served as a strong platform for the company to tap into the facility management opportunities in these markets.

In India, PREMAS inked a joint venture agreement with Vipul Facility Management to form a company providing integrated facility and property management services. Vipul Facility Management is part of the Vipul Group, an established diversified conglomerate which has a leadership position in infrastructure, real estate, building services business in India.

In Malaysia, PREMAS also formed PREMAS Total Asset Services Sdn Bhd (PTAS) to provide integrated corporate services, facility management and consulting, advisory and technical audit services.

In the Middle East, PREMAS sealed a joint venture agreement with Tricon Global General Contracting and Maintenance to establish a company in Abu Dhabi, providing a range of facility management services. Tricon is part of the Tricon Group, a conglomerate with a wide range of businesses including real estate management and healthcare. It would also provide facility management consulting services to a leading telecommunications company in Doha, Qatar.

Ms Jennie Chua

President & CEO, Raffles Holdings Limited
Chairman, Raffles International Limited

Ms Leong Wai Leng

Deputy CEO, Raffles Holdings Limited
CEO, Raffles International Limited



From left to right:
Jennie Chua; Leong Wai Leng

Raffles Holdings' vision is to become a global force in the hotel and resort industry. The company presently has an approximate 12,000-room portfolio comprising 39 hotels and resorts in 34 destinations across Asia, Australia, Europe, North America and South America. The hotels and resorts are managed under two brands, namely Raffles Hotels & Resorts and Swissôtel Hotels & Resorts.

In 2004, the company achieved a net profit attributable to shareholders (PATMI) of S\$60.0 million on a S\$527.8 million turnover in FY2004. PATMI from operations grew by a hefty 82.5% to S\$52.3 million on a 25.6% increase in turnover while operating PATMI margin grew by 3.1 percentage points year-on-year to 9.9%. The financial results were due to the successful implementation of its April 2003 Strategic Plan: To grow revenue; manage costs and improve efficiency; and accretively grow its hotel portfolio.

“Raffles Holdings is well poised to take full advantage of the recovery in the global lodging industry and ride the crest of growth. We keep abreast of changes in the hospitality landscape and continue to be nimble to seize opportunities and maintain market leadership.”

Jennie Chua

President & CEO, Raffles Holdings Limited;
Chairman, Raffles International Limited

Raffles Hotel, Singapore





Swissôtel Nankai Osaka

“Raffles International has a global footprint in 34 destinations. In all these destinations, we will ensure that we have the right strategy, leadership, execution and also have the best team and people.”

Leong Wai Leng

Deputy CEO, Raffles Holdings Limited;
CEO, Raffles International Limited

The significant improvement in profitability was due to better performance from the company's hotels and resorts business and full-year contributions from Swissôtel Nankai Osaka and Swissôtel Nai Lert Park.

To drive revenue growth, the company successfully implemented numerous sales and marketing initiatives during the year. The strategic marketing alliance with Taj Hotels Resorts and Palaces, the largest hotel group in India, allows both parties to tap their respective stronghold markets through cross marketing.

The company also successfully implemented several e-commerce programmes, which resulted in a strong growth of 64% in room revenue booked through its proprietary websites.

During the year, the company continued to pursue its asset-light strategy, clinching two new hotel management contracts in new markets with Raffles Resort Taimana, Tahaa, French Polynesia and Swissôtel Krasnye Holmy, Moscow, making a total of six since April 2003. It also launched Raffles Resort Canouan Island, The Grenadines and Swissôtel Nai Lert Park, Bangkok in 2004.

In May 2004, the company completed its capital distribution and capital reduction exercise and returned a total of S\$375.0 million or S\$0.18 per share to shareholders. This is part of the continuing efforts to create and unlock value for shareholders, which includes active balance sheet management, asset divestments and redeployment of capital into accretive investments.

The company received a bumper crop of 74 awards and accolades in 2004, of which 44 were for Raffles Hotels & Resorts, 26 for Swissôtel Hotels & Resorts and four for Raffles Holdings Limited. In corporate governance, Raffles Holdings was awarded The Most Transparent Company



Swissôtel Krasnye Holmy, Moscow

Award for the Hotel category by Securities Investors Association of Singapore for the fifth consecutive year and was ranked joint fifth out of 570 listed companies in the Business Times Corporate Transparency Index.

The company's four hotels in Singapore were the first four hotels in Singapore to sign memoranda of agreements for flexible wage structures in the second half of 2004. The wage restructuring allows costs to be reduced in an economic downturn and permits employees to participate in the upside when the hotels perform better.

Going forward, the company will expand its network of hotels and resorts in key gateway cities and resort destinations world-wide through an appropriate mix of management contracts, leases and equity to grow fee-based income and improve returns. It will actively explore options to further the objective of creating and unlocking value for shareholders.

International Awards

The Group received a bumper crop of 74 international awards in areas ranging from accommodation to dining experiences to corporate governance.

In operations, eight hotels were honoured as best hotels in the world by *Condé Nast Traveler*. Raffles Hotel, Singapore and Swissôtel The Bosphorus, Istanbul, Turkey were among the world's best hotels rated by readers of *Institutional Investor*. Raffles Grand Hotel d'Angkor, Siem Reap, Cambodia and Raffles Hotel Vier Jahreszeiten, Hamburg, Germany were also ranked Cambodia's Leading Hotel and Germany's Leading Hotel respectively in *World Travel Awards, 2004*. Swissôtel Hotels & Resorts received distinguished recognition as one of top 10 Hotel Brands in North America in *Condé Nast Traveler's 2004 Business Traveler Poll*.

In corporate governance, Raffles Holdings was awarded The Most Transparent Company Award for the Hotel Category by Securities Investors Association of Singapore for the fifth consecutive year and was ranked joint fifth out of 570 listed companies in the Business Times Corporate Transparency Index.

Raffles Grand Hotel d'Angkor, Siem Reap, Cambodia



The Ascott Sathorn, Bangkok





The Ascott Pudong, Shanghai



The Ascott Group made great strides in 2004, in its drive to grow value and develop strong global brands.

The company achieved record profits and made great progress in executing key strategies to create a solid platform for sustained earnings growth. It clinched many awards that enhanced its brand reputation, and substantially increased its leadership in several key markets.

Globally, it continued to strengthen its position as a leading international serviced residence company with 13,800 serviced residence units and operations in 40 cities in 17 countries.

Reallocating Capital Globally

During the year, as part of continuing efforts to reallocate capital globally to achieve higher returns, Ascott divested mature assets in Singapore and Bangkok, while continuing to manage the residences. The proceeds were redeployed to acquire the remaining 50% stake of the Citadines serviced residence chain in Europe.

The Citadines acquisition has substantially enlarged Ascott's earnings base and increased its diversification in developed countries for greater income stability.

"We have operations in 40 cities in 17 countries. We have put in place the global infrastructure, expertise and talent to expand our serviced residence business and improve shareholder value. We'll continue to strengthen our position as a leading international serviced residence company."

Cameron Ong

Managing Director & CEO, The Ascott Group

Awards

Ascott won several awards in 2004, demonstrating growing international recognition of the quality of its residences and management excellence.

- *Business Traveller* 'Best Serviced Residence Brand in Asia Pacific' award for its The Ascott and Somerset brands; and 'Best Serviced Residence property in Asia Pacific' award for its The Ascott Singapore.
- First position in 'China's Top 100 Serviced Residences' ranking organised by Qing Hua University Real Estate Research Institute, China Commercial and Residential Property Association, and World Executive Institute Weekly magazine.
- Annual Vietnam Guide awards for 'Best Service in Serviced Apartments' in Hanoi for Somerset Grand Hanoi (second year running); and in Ho Chi Minh City for Somerset Ho Chi Minh City.
- 'Best Annual Report' and 'Best Operating and Financial Review' awards in the 30th Singapore Annual Report Awards.
- MIS Innovation Awards 2004 for Communications and Networking for Ascott's 'Worldwide Workspace' project.
- Tasmanian Tourism Award – deluxe accommodation category for Somerset on the Pier in Hobart (second year running). The award recognises innovation and contributions to enhancing the tourism experience in Hobart.



Somerset Bencoolen, Singapore

Ascott also grew its fee-based income by securing three new contracts to manage serviced residences in South Korea and China.

With the contracts, it entered new cities – Seoul and Suzhou. It also announced its first Citadines property in Asia, Citadines Jinqiao, which will open in 2005 in Shanghai.

To extend its reach to the US, Ascott forged a marketing alliance with a US-listed apartment company to provide its customers with serviced residences in over 100 US cities.

Serviced Residences Opened

In 2004, the company opened Somerset Bencoolen in Singapore and The Ascott Sathorn in Bangkok. The properties represented its new prototypes for the stylish Somerset and luxury The Ascott residences and were well received by the market.

With new serviced residences opening in 2005 in South Korea, China, Malaysia and Dubai, and the integration of Citadines' 5,000 serviced apartments in Europe, Ascott is well positioned to benefit from the greater economies of scale and brand presence.

Five-Year Goals to 2010

Ascott's vision is to be THE leading international serviced residence company with global brands, and products and services that set new industry benchmarks.

To achieve this, the company will focus on Four Strategic Thrusts:

- Strengthen its serviced residence business
- Portfolio management to improve earnings
- Profitable growth
- Develop its human capital for global growth

To strengthen its serviced residence business, the company will work to develop its brands into global brands by ensuring product and service consistency, and by growing its brand reputation. It will also expand its customer base by securing most of the largest 1,000 multinational companies as repeat customers.

As part of its portfolio management to improve earnings, it will continue to reallocate capital to high yield assets and markets, and enhance its existing assets.

To achieve profitable growth, the company plans to expand to 25,000 units by 2010, from 13,800 units now. It will focus on growing in existing markets, where it can leverage its established operational infrastructure and brand strength.

To develop its human capital, the company will invest in The Ascott Training Institute, talent development and succession planning programmes.

Positive Outlook

The outlook for the global hospitality industry is positive and demand for serviced residences is expected to grow.

In 2005, Ascott's profit from operations is expected to be higher than in 2004, with the improved performance of its serviced residences. However, portfolio gains from the sale of assets in 2005 may not be as high as in 2004.

Citadines Paris Louvre, France



Residential Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
SINGAPORE							
Private Condominiums							
Belmond Green	Balmoral Road	2004	C	CRL Realty Pte Ltd	100	211	Freehold
Casabella	Duchess Avenue	2002	S	CRL Realty Pte Ltd	100	82	Freehold
Citylights	Jellicoe Road	2003	A	CRL Realty Pte Ltd	100	600	99
Glentrees	Mount Sinai Lane	2002	S	Leonie Court Pte Ltd	100	176	999
The Levelz	Farrer Road	2004	C	CRL Realty Pte Ltd	100	126	Freehold
Palm Grove	off Upper Serangoon Road	2002	C	Leonie Court Pte Ltd	100	111	999
Palm Haven	off Upper Serangoon Road	2002	C	CRL Realty Pte Ltd	100	48	999
RiverGate	Martin Road	1999	A	CRL Realty Pte Ltd	50	545	Freehold
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
Tanamera Crest	off Upper Changi Road	2004	C	CRL Realty Pte Ltd	100	288	99
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
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
Varsity Park Condominium	West Coast Road	1989	A	CRL Realty Pte Ltd	100	530	99
Visioncrest	Penang Road	2003	S	Winpeak Investment Pte Ltd	25	265	Freehold

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Potential GFA (sqm)	Tenure (Years)
Future Projects							
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
Site at West Coast Park	West Coast Park	2003	A	Leonie Court Pte Ltd	50	60,555	956
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

Residential Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Saleable Area (sqm)	Total No. of Units	Tenure (Years)
CHINA								
La Cité	Xuhui District, Shanghai	2003	S	Shanghai Xin Xu Property Development Co., Ltd	99	115,277	712	70
La Forêt	Chaoyang District, Beijing	2004	S	Beijing Xinkai Real Estate Development Co., Ltd	86.7	271,950 (GFA)	1,700 (estimated)	70
Oasis Riviera	Changning District, Shanghai	2003	S	Shanghai Ning Xin Real Estate Development Co., Ltd	70.9	270,000	1,968	70
Parc Tresor	Baoshan District, Shanghai	2004	A	Shanghai Xinshu Property Development Co., Ltd	93	84,680 (GFA)	700 (estimated)	70
Summit Residences	Pudong District, Shanghai	2002	S	Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	66.5	129,000	913	70
Westwood Green	Minhang District, Beijing	2004	A	Shanghai Aoshun Property Co., Ltd	86.7	109,100	500	70
Site at Tianhe Road (East)	Tianhe District, Guangzhou	2004	A	Guangzhou Hai Yi Property Development Co., Ltd	86.7	79,450 (GFA)	600 (estimated)	70
Site at Xiangjiang Road (North)	Chaoyang District, Beijing	2004	A	Beijing Orchid Garden Property Development Co., Ltd	80.1	65,500 (GFA)	230 (estimated)	70
HONG KONG								
Hong Kong Parkview Blk 15	Hong Kong Repulse Bay	1999	A	Central Hill Limited	75	9,726	40	75+75
THAILAND								
Athenee Residence	Bangkok	2004	S	TCC Capital Land Ltd	40	40,382	219	Freehold

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

Commercial Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 04 (\$'000)
SINGAPORE Office								
20 Orchard Road (SMA House)	Dhoby Ghaut Road	1989	A	CapitaLand SMA Pte Ltd	100	1,795	99	4,800
Bugis Village	Junction of Rochor Road/Victoria Street	1989	A	CapitaCommercial Trust	40	10,730	99	^
Caltex House	Raffles Place	2000	A	Savu Properties Ltd	50	24,760	99	^
Capital Tower	Robinson Road	2000	C	CapitaCommercial Trust	40	69,052	99	^
3 Church Street	Church Street	2000	S	China Square Holdings Pte Ltd	36.8	27,071	999	^
Hitachi Tower	Raffles Place	2000	A	Savu Investments Ltd	50	26,035	999	^
One George Street	Close to Raffles Place	2002	S	George Street Pte Ltd	50	41,434	99	^
PWC Building	Close to Raffles Place	2000	C	DBS China Square Ltd	30	33,029	99	^
Site and building leased to Raffles Hospital	North Bridge Road	2001	C	CapitaLand-Raffles Properties Pte Ltd	50	100 beds	99	^
Robinson Point	Robinson Road	1997	C	CapitaCommercial Trust	40	12,358	Freehold	^
Selegie Complex**	Selegie Road	1995	A	CapitaLand Selegie Pte Ltd	100	13,186	99	63,600
Equity Plaza	Raffles Place	1992	C	D.L. Properties Ltd	35.4	23,123	99	^
6 Battery Road	Raffles Place	1989	A	CapitaCommercial Trust	40	45,920	999	^
Springleaf Tower (9 floors)	Anson Road	2002	C	Brimitty Pte Ltd	100	7,430	99	78,000
Starhub Centre	Cuppuge Road	1998	C	CapitaCommercial Trust	40	25,889	99	^
Temasek Tower	Shenton Way	1995	A	Temasek Tower Ltd	90	62,329	99	^
The Adelphi	Coleman Street	1988	A	Adelphi Property Pte Ltd	50	19,042	999	^
Car Park								
Golden Shoe Car Park	Market Street	1989	A	CapitaCommercial Trust	40	3,631	99	^
Market Street Car Park	Market Street	1989	A	CapitaCommercial Trust	40	1,875	99	^
Mixed Development								
Bugis Junction	Victoria Street	1990	A	Bugis City Holdings Pte Ltd	20	63,529 + 406 hotel rooms	99	^
Retail								
Bukit Panjang Plaza	Jebebu Road	2003	A	CapitaRetail BPP Trust	10.5	13,395	99	^
Clarke Quay	River Valley Road	1993	C	Clarke Quay Pte Ltd	100	23,111	99	193,000
Funan The IT Mall	North Bridge Road	1984	C	CapitaMall Trust	38.6	25,238	99	^
IMM	Jurong East	2003	A	CapitaMall Trust	38.6	82,565	#60	^
Junction 8	Bishan	1993	C	CapitaMall Trust	38.6	22,340	99	^
Lot 1 Shoppers' Mall	Choa Chu Kang	2003	A	CapitaRetail Lot One Trust	10.5	19,234	99	^
Plaza Singapura	Orchard Road	1974	C	CapitaMall Trust	38.6	45,239	Freehold	^
Rivervale Mall	Rivervale Crescent	2003	A	CapitaRetail Rivervale Trust	10.5	7,574	99	^
Tampines Mall	Tampines Central	1995	C	CapitaMall Trust	38.6	29,561	99	^
Industrial								
Technopark@Chai Chee	Bedok Town	1982	A	Wan Tien Realty Pte Ltd	100	106,297	60	201,500
Corporation Place	Jurong	1993	C	Corporation Place Ltd	75	58,240	60	^
Kallang Avenue	Junction of Kallang Road and Kallang Avenue	1989	A	KAIC Pte Ltd	100	10,271	99	21,000
Kallang Bahru Complex	Junction of Kallang Bahru and Kallang Avenue	1989	A	KBC Pte Ltd	100	15,784	99	34,500

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

^ Total book value of non wholly-owned Singapore commercial properties: S\$8.75 billion

** Under redevelopment

Upfront land premium of S\$55.7 million for lease term of 45 years was paid in January 2004

Commercial Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 04 (\$'000)
CHINA								
Office								
Pidemco Tower	Huangpu District, Shanghai	1998	C	Shanghai Huteng Real Estate Co., Ltd	100	41,661	50	133,373
Plot 9-1 at Luwan	Luwan District, Shanghai	2003	S	Shanghai Xin Mao Property Development Co., Ltd	95	32,252	50	^^
Mixed Development								
Huiteng Metropolis	Huicheng Commercial City, Xiamen	1998	C	Xiamen Huiteng Properties Co., Ltd	50	64,869	50	^^
Raffles City Shanghai	Huangpu District, Shanghai	2003	S	Shanghai Hua Qing Real Estate Development Co., Ltd	47.5	165,170	50 (GFA)	^^
Site at Pudong Nan Road (Chrysanthemum Park Phase 4)	Pudong District, Shanghai	2003	S	Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	66.5	47,000 (GFA)	50	^^
HONG KONG								
Office								
38th Floor Tower One, Lippo Centre	Central	1997	A	Dahlia Properties Pte Ltd	100	1,186	75+75	27,216
Unit 1806-9 Tower Two, Lippo Centre	Central	1997	A	Star Assets Property Ltd	100	430	75+75	8,489
AIG Tower	Central	2002	S	Bayshore Development Group Ltd	45	41,707	999	^^
Industrial								
Corporation Park	Sha Tin	1996	C	Sea Dragon Ltd	30	38,000	54	^^
JAPAN								
Retail								
La Park Mizue	Mizue, Edogawa-Ku, Tokyo	2003	A	CapitaRetail LPM Tokutei Mokuteki Kaisha	30	16,837	Freehold	^^
MALAYSIA								
Office								
Menara Citibank	Jalan Ampang, Kuala Lumpur	1994	A	Inverfin Sdn Bhd	30	69,222	Freehold	^^
UNITED KINGDOM								
Office								
25 Moorgate	Moorgate, London	2003	C	CapitaLand Moorgate Limited	50	7,000	150	^^
Hotel								
Four Seasons Canary Wharf	Canary Wharf, London	2000	C	CR Hotel Investment Pte Ltd	62.5	142 rooms	999	^^

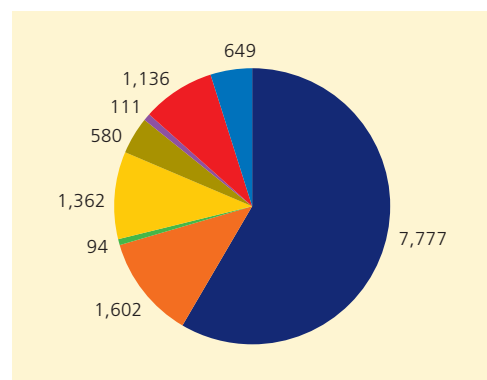
* A: Year of Acquisition S: Start of Construction C: Completion

^^ Total book value of non wholly-owned overseas commercial properties: S\$2.31 billion

The Group's property portfolio as at 31 December 2004 comprised residential development properties, investment properties, serviced residences and hotels owned by subsidiaries, associated and joint venture companies.

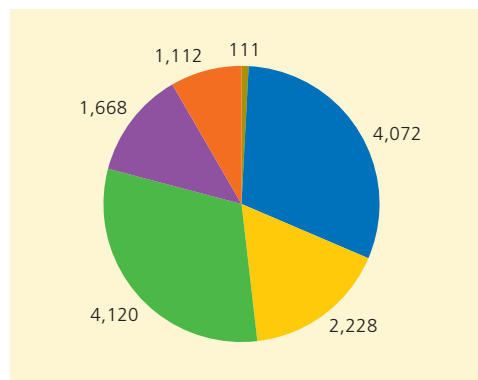
In the following analysis, the values attributable to the CapitaLand Group are used. Investment properties are stated at their market values while residential development properties are stated at book costs (net of any provisions made). Properties treated as fixed assets are stated at book cost.

Property Value by Region (\$m)



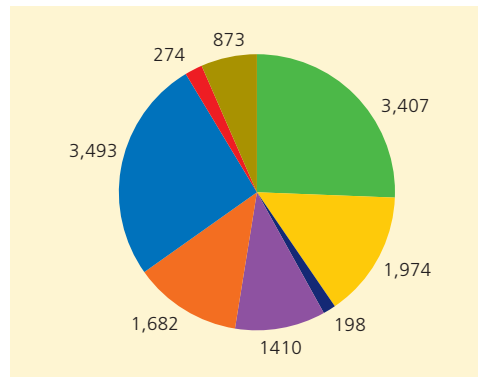
- Singapore
- Hong Kong
- China
- Japan
- Southeast Asia
- Australia
- Europe
- USA

Property Value by SBU (\$m)



- CapitalLand Residential
- CapitalLand Commercial and Integrated Development
- CapitalLand Retail
- CapitalLand Financial
- Raffles Holdings
- The Ascott Group

Property Value by Sector (\$m)



- Residential
- Office
- Retail
- Industrial
- Mixed Development
- Hotel
- Serviced Residence
- Others

Investor Relations

Effective Communication with Stakeholders

CapitaLand Group is committed to the principles of good corporate governance. For its open and transparent communication and disclosure policies, both to the investing community and business media, the Group has garnered a number of awards and accolades in 2004. These include the Most Transparent Company Award for three consecutive years accorded by the Securities Investors Association Singapore (SIAS), and awards for corporate governance from *Asiamoney* magazine for two consecutive years. In 2004, the Group's Chief Financial Officer, Mr Lui Chong Chee, was recognised as the Best CFO in Singapore in a poll conducted by an international business publication, *Institutional Investor's Research Group*.

CapitaLand continues, on a timely and consistent basis, to keep stakeholders and analysts informed of its corporate activities in Singapore and around the world. In 2004, CapitaLand participated in over 190 investor meetings, including five investor conferences in Hong Kong, China, London, Edinburgh and New York. It also organised trips to Shanghai and Beijing, to familiarise analysts and business media with the Group's existing projects in China. The Group's results announcements were simulcast on a real-time basis over the Internet, and made available on the Group's corporate website.

Going forward, the Group will focus on strengthening the CapitaLand brand with a comprehensive Group-wide cross-marketing plan.



The CapitaLand Group of companies has won awards for its transparency.

Corporate Marketing

Laying Strong Foundations for Branding

The Strategic Corporate Marketing (SCM) department was formed at the end of 2003 to exploit the Group's extensive global customer reach, and to obtain greater synergies amongst the business units.

In 2004, several intra- and inter-SBU cross-marketing and branding initiatives were facilitated. These included creating new websites, streamlining of the corporate identity among the various brands within the Group, organising marketing-related events and developing integrated communications and advertising strategies.

Going forward, it will focus on strengthening the CapitaLand brand with a Group-wide cross-marketing plan that enhances marketing and branding efforts across the business units.

Building Leaders – The CapitaLand Management Programme

Having the right people on the job is vital to the success of the company. In order to attract, nurture and motivate talent, CapitaLand started the CapitaLand Management Programme (CMP) in 2002 for young managers.

Since its inception, the CMP has had a three-fold aim:

- To inculcate CapitaLand's culture and values;
- To transfer knowledge through active exchange and dialogue sessions; and
- To provide opportunities for networking and sharing of ideas.



Harnessing Global Talent

The Group believes that people make the ultimate difference in the success of a business. CapitaLand is committed to harnessing the best talent; planning their career paths; and encouraging employees to have a balanced lifestyle.

The Group has a comprehensive talent management programme tailored to different levels of career advancement, and promising employees are encouraged to do a stint overseas. They are also given opportunities to share with and learn from their colleagues by participating in the in-house CapitaLand Management Programme (CMP).

Apart from this in-house management course, employees are encouraged to attend functional learning events that will lead to personal development and productivity improvement. Other management programmes which are available to employees include the three-day 'Essentials of Management' and 'Essentials of Business Leadership' courses.

At higher management levels, employees are sent for executive development programmes at renowned graduate schools such as Harvard and INSEAD, to sharpen their management and business skills. Management retreats are also held biannually, including overseas trips for a better understanding of the Group's overseas projects.

Mr Liew Mun Leong, President and CEO of CapitaLand Group, meets up frequently with talents from all the business units in one-on-one sessions or in small groups.

The Group has a comprehensive talent management programme specially tailored to different levels of career advancement.

Beyond Career – Nurturing Well-Rounded Employees

Pro-Family Policies

It is only with a healthy and balanced lifestyle that employees can be effective and efficient at their jobs. CapitaLand believes in nurturing its employees holistically, not only in their work, but also in their personal development.

Since its inauguration in 2000, CapitaLand has prided itself for its pro-family policies. The flexi-benefits system allows employees to choose the medical and insurance plans that cater to the needs of their families. Employees are also given three days of family event leave annually, for occasions such as birthdays and anniversaries.

In 2004, other new pro-family policies were implemented. The policies include an extended month of maternity leave, and one month of maternity leave for female employees who adopt a child. In a symbolic gesture underlining the Group's firm commitment to these pro-family measures, CapitaLand participated in the "Eat With Your Family Day", part of the National Family Week, in which employees were allowed to leave work an hour earlier to have dinner with their families.

Encouraging a Healthy Lifestyle

'Health is Wealth', goes the old saying. CapitaLand's management firmly believes in the importance of maintaining personal health and fitness. The Group subsidises exercise classes for staff, offers fruit and healthy snacks to supplement their diet, and encourages employee participation in major sporting and charitable events, such as the SGX Bull Run and JP Morgan Chase Run. In 2004, CapitaLand and three other subsidiaries won the Singapore Healthy Award (Bronze) accorded by the Health Promotion Board.

CapitaLand believes in nurturing its employees holistically, not only in their work, but also in their personal development.



CapitaLand participated in various charity events.

Reaching Out to the Less Fortunate

The tsunami disaster in Asia caused an unprecedented loss of lives and untold suffering and misery among the survivors. Within two months of the calamity, CapitaLand raised more than S\$330,000 for relief efforts, with the company donating S\$100,000, and senior management and staff contributing another S\$130,000 in a spontaneous show of generosity. The Group's staff from around the world also raised more than S\$100,000.

The Group's contributions totalled more than S\$400,000 when proceeds from the sale of a special edition music CD at CapitaLand malls raised another S\$100,000.

The Group also helped the less fortunate in other meaningful ways. For example, PREMAS provided cleaning job attachments for intellectually disabled adults and sold handicrafts on behalf of the Movement for the Intellectually Disabled of Singapore. The Ascott Vietnam, too, organised a charity bazaar for the disabled to sell hand-made souvenirs at their Somerset Grand Hanoi.



Building Lives, Shaping Communities

In the spirit of its credo, "Building for People to Build People, Building People to Build for People", CapitaLand believes in giving back to society and the communities in which it operates. The Group's extensive corporate social activities world-wide can be broadly categorised into three main areas: Lending a helping hand to the less fortunate; caring support for youth and children's charities; and nurturing talents.

For the less fortunate in Singapore and abroad, such as the tsunami victims in the region, the Group supported them through monetary and in-kind donations. Similarly, for youth and children's charities, employees played an active role and the company encouraged them with financial aid. Through education-related sponsorship programmes, the Group helped develop international talents in Singapore and in the gateway cities in which it operates.

Focusing on Youth and Education

As a multinational company, the Group's financial contribution and staff participation in community projects have an international dimension.

In Singapore, CapitaLand contributed to the Straits Times School Pocket Money Fund that caters to children from low income families through the inaugural SGX Bull Run. Support was also given to the Singapore Red Cross Society and Rainbow Centre. CapitaLand malls supported events like the Y2K Entrepreneur Award and the 'Little Entrepreneurs' competition, which were held at suburban mall Junction 8, to encourage entrepreneurship among youth and children. The Raffles International Lecture, featuring guest speaker Mr Peter Brabeck-Letmathe, Vice Chairman of the Board and Chief Executive Officer of Nestlé S.A., raised S\$20,000 for the Spastic Children's Association School.

In China, Raffles City Shanghai raised RMB770,000 through "Project Hope" to build two schools in Yunnan province. CapitaLand China also donated RMB10,000 to the Shanghai Children's Health Foundation.

The Group's hospitality arms rendered assistance to children across the globe. In China, The Ascott China supported the "We Care for Children" 2004 charity for children in rural communities. Swissôtel Nai Lert Park Bangkok and Swissôtel Amsterdam donated computers for schools in Thailand and Ghana, while Swissôtel Nai Lert Park Bangkok and The Ascott Indonesia contributed to charities that support street children in Bangkok and Jakarta respectively. Staff from Swissôtel The Howard London raised funds for the SOS Children's Villages.

Elsewhere, the Group raised funds for children with life-threatening diseases. For example, Raffles Le Montreux Palace in Switzerland organised the Lionel Perrier Gala Dinner for children with a rare cerebral cancer. The Ascott in Australia and New Zealand supported the 'Make a Wish' Foundation. Staff from The Ascott Vietnam participated in the annual Terry Fox Run to raise funds for cancer research.

In the area of talent management, the Group contributed to the prestigious Lee Kuan Yew School of Public Policy to train mid-career and senior civil service officers. Its contribution to the eminent Yong Siew Toh Conservatory of Music is to nurture rising international talents.

Nurturing the Arts and Local Heritage

The CapitaLand group of companies has been actively supporting the Arts over the years. Raffles Holdings has provided support for many major international arts initiatives, such as the 17th International Film Festival in Singapore.

Raffles Holdings has been conferred the Distinguished Patron of the Arts Award accorded by the National Arts

CapitaLand believes in giving back to society in the spirit of its credo "Building for People to Build People, Building People to Build for People".



Auction of Christmas trees by Raffles International for Community Chest.

Council for five consecutive years since 2000, while CapitaLand was named Friend of the Arts in 2004. The Ascott Group provided exhibition space for artists in its serviced residences around the world. It also provides language classes and conducts regular excursions to historical and cultural sites for its residents.

The Group's malls have become popular venues for fund-raising initiatives by various cultural organisations in Singapore. For example, Plaza Singapura provided exhibition space for students of ArtPeggios at LASALLE-SIA College of the Arts. Tampines Mall partnered with Singapore Dance Theatre to raise funds for their productions. Clarke Quay has been organising the Busker Festival for more than five years.

Looking ahead, these community initiatives will be implemented overseas when opportunities arise. Raffles City Shanghai will be used as an art exhibition venue to bring the fine arts from Singapore and abroad to the community in Shanghai.

Information Technology

Continuous Innovation on an Integrated Platform

The Group's global operations span 88 cities in 30 countries. Keeping in touch and being in control of the information flow are critical information management efforts for the effectiveness and efficiency of the Group's operations.

During the year, CapitaLand completed the majority of the consolidation of the Group's web hosting to the Group's Data Centre. The Group is now better able to manage information and communications cost-effectively. The consolidation exercise has resulted in the overseas offices gaining access to the resources of the Group, at a global level. As an example, employees can access the Group's image library online.

Security is an important feature in information technology management. Protecting the Group's intellectual property remains a central concern. Further systems consolidation and standardisation will ensure greater synergies and efficiency in future, without compromising IT security. In 2004, the Group also revamped the corporate website, www.capitaland.com. Besides an exciting and updated look-and-feel, the new site has new functionalities such as a Group-wide portfolio listing by country, and an improved newsroom and search engine.



The Data Centre integrates the Group's information flow.

Strategic Cost Management

Cost Management through Group-wide Synergies

The Group is committed to continuous cost management efforts, by exploring new ways to tap synergies within the Group. In the area of maintenance management, in 2004, the Group actively coordinated efforts across the board when calling for the tender of contracts, negotiation for bulk purchases, and sharing of vendor information.

One successful example of cost management is in the area of energy procurement. Since the liberalisation of the energy industry in Singapore, CapitaLand has actively sought to improve the cost structure of its operations. The Group has entered into strategic partnerships with various energy companies, leveraging on its scale to renegotiate contracts at competitive prices. Similarly, with the rationalisation of the Group's procurement of insurance through the appointment of one insurance broker, it was able to benefit from greater economies of scale.

CapitaLand will continue to share these cost-saving benefits, through win-win arrangements with its tenants and business associates.

The Group is committed to continuous cost management efforts, by exploring new ways to tap synergies within the Group.

Corporate Governance Overview

CapitaLand supports high standards of corporate conduct as reflected in the Principles of the Code of Corporate Governance. The Group is focused on the spirit of the Code while achieving operational excellence and delivering on long term objectives.

CapitaLand was the first listed property group in Singapore to introduce quarterly reporting in 2001.

Operating within a disclosure-based regime, the Board is accountable to shareholders, while Management is responsible to the Board. This mutually beneficial tripartite relationship comprising the Board, Management and shareholders, underpins the creation and growth of sustainable shareholder value.

CapitaLand's Board comprises primarily non-executive directors independent of Management, with one executive director who is also CapitaLand's President and Chief Executive Officer ("CEO"). There is a clear separation of the role of the Chairman and the CEO.

The Board meets every quarter and directors are provided with relevant information. Every director is expected to act in good faith, provide insights and consider at all times, the interests of the Company and its shareholders.

The Board is supported by Board committees that provide independent supervision of Management. These Board committees are the Audit Committee, Executive Resource and Compensation Committee, Finance and Budget Committee, Investment Committee, Corporate Disclosure Committee, Nominating Committee and Risk Committee. Other committees may be formed as dictated by business imperatives.

The Nominating Committee ensures that the Board and Board committees comprise individuals who are best able to discharge their responsibilities having regard to the highest standards of corporate governance. Review of Board performance and change in its composition may be driven by the needs of the Company and its business.

Remuneration for the Board and key executives is linked to the development of management bench strength and key executives. No director is involved in deciding his own remuneration. The Executive Resource and Compensation Committee conducts an annual succession planning review of the CEO and selected key positions, and considers industry practices and norms in compensation.

The Board ensures that Management maintains a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

CapitaLand believes in regular and timely communication with shareholders. We regularly communicate major developments to various constituencies via announcements, shareholders' meetings, media and investor relations activities, and making available literature in various forms including through a comprehensive website. In addition, we attend to queries from the various constituencies and communicate as required under the SGX-ST Listing Manual.

CapitaLand has a comprehensive risk management framework stretching across the entire organisation. Its Risk Assessment Group measures and evaluates a spectrum of risks and keeps the Board and Management apprised of the necessary risk profiles in respect of activities in different countries.

Directors and employees are made aware that insider trading laws are applicable at all times. They are prohibited from dealing in the Company's securities while in possession of material unpublished price-sensitive information.

CapitaLand's commitment to transparency, disclosure and dissemination reduces share price volatility, improves market valuation, increases liquidity, increases the Group's credibility and enhances overall shareholder value.

CapitaLand observes high standards of corporate conduct in line with the Principles of the Code of Corporate Governance (the "Code"). We believe that each company needs to develop and maintain sound policies and practices to meet its specific business needs and to provide a solid foundation for a trusted and respected business enterprise. We remain focused on the substance and spirit of the Principles of the Code while achieving operational excellence and delivering on the Group's long term strategic objectives.

This Annual Report ("Report") discusses our application of good governance principles in building a company committed to integrity, excellence and its people. The application is underpinned by sound systems of internal controls and accountability, which will help to promote and drive long term sustainable growth and shareholder value.

The following sections covering each of the Principles outline our policies and practices.

(A) Board Matters

Principle 1: Board's Conduct of its Affairs

CapitaLand is led by an effective Board comprising a majority of non-executive directors independent of Management. They have the appropriate mix of core competencies and diversity of experience. At the individual level, each director brings to the Board his skills, experience, insights and good judgment. Together and individually, in the course of deliberations, they are obliged to act in good faith 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
- Oversee the proper conduct of the Group.

The Board comprises 11 directors, of whom 10 are non-executive directors. They are business leaders and professionals with financial, banking and legal background. Profiles of the directors are found on page 12 of the Report.

To maintain effective supervision and accountability at each of the Board and Management levels, the positions of Chairman and Chief Executive Officer ("CEO") are held by two persons.

The Chairman is Dr Richard Hu, who assumed the appointment in place of Mr Philip Yeo following the Annual General Meeting ("AGM") in 2004. Mr Philip Yeo provided outstanding leadership during his tenure which coincided with CapitaLand's early formative years, soon after the merger of Pidemco Land and DBS Land. Dr Hu brings with him a wealth of experience both in the Singapore Government (as a former Cabinet Minister) and in a major global company (as previous Chairman and Chief Executive of the Shell group of companies in Singapore). The sole executive director is Mr Liew Mun Leong, who is also the President and CEO.

The Board meets regularly to review the key activities and business strategies of the Group, at least once every quarter, and as required by business imperatives. The Board deliberates on strategic policies of the Group, including significant acquisitions and disposals, approving the annual budget, reviewing the performance of the Group's businesses and approving the release of the quarterly, half-yearly and full-year results. The Audit Committee is delegated the authority by the Board to review such results. A total of five Board meetings was held in 2004.

A matrix of the Board members' participation in the various Board committees is set out on page 79 of this Report. This reflects each Board member's additional responsibilities and special focus on the respective Board committees.

We believe in the manifest contribution of our directors beyond attendance at formal Board and committee meetings. CapitaLand's directors are professionals with diverse experience and who are able to contribute to the proper guidance on the strategic direction of the Group's businesses. To judge a director's contribution based on his attendance at formal meetings alone would not do justice to his overall contribution, which includes being accessible to Management for guidance or exchange of views outside the formal environment of Board meetings. Each director brings experience and objective perspective which, together with strategic networking relationships, serve to further the interests of the Group.

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. Where regulatory changes have an important bearing on the Company's or directors' disclosure obligations, directors may be briefed 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.

Directors are also provided with relevant information on the Company's policies and procedures relating to corporate conduct and governance 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.

Principle 2: Board Composition and Balance

The Board comprises 11 directors, with 10 non-executive directors who are independent of Management. Of the 10 non-executive directors, eight are independent non-executive directors, who are independent of the principal shareholder.

Except for one director, all our directors are non-executive and independent of Management. This enables Management to benefit from their external, diverse and objective perspective on issues brought before the Board. It also enables 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, broad overview and robust deliberation on the business activities of the Group.

The Board considers both non-executive directors, Mr Lucien Wong Yuen Kuai and Mr Jackson Peter Tai, independent non-executive directors. Notwithstanding their relationships with the Company in respect of Guidance Note 2.1(d), by virtue of their positions as managing partner of M/s Allen & Gledhill, and executive officer of DBS Group Holdings and DBS Bank, respectively, which have rendered professional services to the Group in fees aggregating more than S\$200,000, both Mr Wong and Mr Tai are regarded by the Board as independent directors as they are able to exercise strong independent judgment in their deliberations in the interests of the Company. They maintain a high standard of conduct, care and duty, observe the ethical standards of their respective professions, and are most conscious of the need to disclose any conflict of interests arising from their other engagements. The Board also regards Mr Andrew Buxton as an independent non-executive director notwithstanding the payment of an amount equivalent to S\$30,000 for consultancy services rendered to a subsidiary of the Company, as the amount is not significant and he is able to exercise strong independent judgment in his deliberations in the interests of the Company.

The Board is supported by Board committees to provide independent supervision 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 various committees is carefully managed to ensure an equitable distribution of responsibility 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 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 supervisory role, are mutually exclusive.

Principle 3: Chairman and Chief Executive Officer

We believe in a clear separation of the roles and responsibilities between the Chairman and the President and CEO. These key appointments in CapitaLand are held by separate individuals. The non-executive Chairman, Dr Richard Hu, is responsible for the Board and may act independently in the best interests of the Company and shareholders, while the President and CEO, Mr Liew Mun Leong, 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 constructively engages Management on strategy, business operations, enterprise risk and other plans.

The President and CEO is a Board member and has full executive responsibilities over the business directions and operational decisions of the Group. The President and CEO, in consultation with the Chairman, schedules regular Board meetings 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.

Principle 4: Board Membership

Board renewal is a continual process, for good governance and to maintain relevance to the changing needs of the Group's businesses. The President and CEO, as a Board member, is also subject to retirement and re-election by shareholders as part of Board renewal. Election of Board members is the prerogative and right of shareholders.

The NC comprises Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Mr Liew Mun Leong, Sir Alan Cockshaw (up to 15 September 2004), Mr Lim Chin Beng and Mr Jackson Peter Tai, who is considered independent as mentioned under Principle 2 on Page 71 of this Report.

The NC is chaired by a non-executive director who is independent of Management, and comprises three independent non-executive directors and an executive director (being the President and CEO). While the NC Chairman is not regarded as independent as defined in the context of 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. These include the identification of suitable candidates for appointments in the Group. Such candidates should be able to value add to Management through their contributions in the relevant strategic business areas and in the constitution of strong and diverse boards. In particular, the NC reviews and recommends:

- Candidates to be CapitaLand's nominees on the Board and Board committees of listed companies within the Group; and
- Candidates to the Board and Board committees of 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 ("one-third rotation rule") by shareholders at every AGM. In other words, no director stays in office for more than three years without being re-elected by shareholders.

The President and CEO, who is a Board member, is also subject to the one-third rotation rule. This separates his role as President and CEO from his position as a Board member, and enables shareholders to exercise their 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.

Principle 5: Board Performance

We believe that Board performance is ultimately reflected in the long term performance of the Group. The Board sets strategic directions and ensures competent management of the Group. The Board also ensures compliance with applicable laws. Board members have a duty to act in good faith, with due diligence and care in the best interests of the Company and its shareholders. An effective Board is able to provide firm support to Management at all times and to steer the Group in the right direction.

The financial indicators, set out in the Code as guides for the evaluation of the Board and its directors, are in our opinion more of a measurement of Management's performance and therefore 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.

A more important consideration is that the Board, through the NC, had ensured from the outset the requisite blend of background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses. It has from the outset ensured 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.

Reviews of Board performance as appropriate are informal. 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.

Principle 6: Access to Information

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 provides adequate and timely information to the Board on Board affairs and issues requiring the Board's decision. It also provides ongoing reports relating to operational and financial performance of the Company, such as monthly management financial reports. 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 brief directors before seeking the Board's approval.

The Board has access to Senior Management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends Board meetings. The Board also has access to independent professional advice where appropriate.

Board meetings for each year are scheduled in advance in the preceding year to facilitate directors' individual administrative arrangements in respect of competing commitments.

The AC must also meet the external and internal auditors separately at least once a year, without the presence of the President and CEO and Senior Management, in order to have unfettered access to information that it may require.

(B) Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

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 continual development of talent and renewal of strong and sound leadership for the continued success of the business and the Company. CapitaLand's ERCC plays a crucial role in helping to ensure that we are able to recruit and retain the best talents to drive the Group's businesses forward.

The ERCC members are Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Sir Alan Cockshaw (up to 15 September 2004), Mr Lim Chin Beng and Mr Jackson Peter Tai, who is considered independent as mentioned under Principle 2 on Page 71 of this Report.

All the members of the ERCC are independent of Management. While the Chairman of the ERCC is not regarded as independent as defined in the context of 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, outside members may be co-opted into the ERCC to provide a global perspective of talent management and remuneration practices.

The ERCC oversees executive compensation and development in the Company. The aim is to build 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 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 President and 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 President and 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 President and 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 and 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, share 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 Report ("Additional Information Section").

Non-executive directors have remuneration packages consisting of directors' fees, attendance fees and share options 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.

We have shown a Group-wide cross-section of executives' remuneration by number of employees from S\$100,000 upwards in bands of S\$250,000 in the Additional Information Section, in lieu of naming the top five key executives who are not also directors of the Company. This gives a macro perspective of the remuneration pattern in the Group, while maintaining confidentiality of staff remuneration matters.

A separate Remuneration Report is not prepared as most of the information is found in the Additional Information Section.

(C) Accountability and Audit

Principle 10: Accountability

We believe in conducting 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.

At CapitaLand, the separation of the roles of the Chairman and the President and CEO, and the holding of such appointments by separate individuals, ensures effective supervision of Management and maintenance of accountability of the Board to the shareholders, and Management to the Board, respectively.

Prompt fulfilment of statutory reporting requirements is but one way to maintain our shareholders' confidence and trust in our capability and integrity.

In tandem with extending the global reach of our business and shareholder base, CapitaLand became the first listed property group in Singapore to implement quarterly reporting in the third quarter of 2001, before it became a requirement. It shows our corporate intent to discharge our continuing obligation of prompt and thorough disclosures.

Principle 11: Audit Committee

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 71 of this Report. The members bring

with them invaluable managerial and professional expertise in the financial and legal domain.

The AC is guided by 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 five AC meetings was held during 2004. The AC also held one meeting with the external auditors and internal auditors, without Management presence.

Principle 12: Internal Controls

Principle 13: Internal Audit

We believe we have in place a system of internal controls to safeguard shareholders' interests and Group's assets, and to manage risks. Apart from the AC and RC, 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 set out on page 77 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 an Internal Audit Department ("CL IA") which reports directly to the Chairman of the AC and administratively to the Chief Financial Officer. 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.

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; and
- 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 suitably 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: Communication with Shareholders

Principle 15: Greater Shareholder Participation

We believe in regular and timely communication with shareholders as an important aspect in the implementation of our long term strategy to grow our businesses' operations globally.

CapitaLand's quarterly results for the 2004 financial year were all released within 45 days of the end of the relevant quarter.

CapitaLand has won the Most Transparent Company Award (Property Category) given by the Securities Investors Association of Singapore ("SIAS") for four consecutive years in 2001, 2002, 2003 and 2004. Publications like *Asiamoney* and *Finance Asia* have ranked CapitaLand and its Management highly on investor relations and shareholder communications issues.

CapitaLand regularly communicates major developments in its business and operations to, and attends to queries from, various constituencies, including the SGX-ST, shareholders, analysts, the media and employees. It 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 Corporate Communications departments hold regular briefings and meetings for analysts and the media, generally coinciding with the release of the Group's half-year and full-year results. During these results briefings, Senior Management reviews the Group's most recent performance and discusses the Company's outlook. In the interests of transparency and broad dissemination, these briefings are webcast live and accessible to the public on the Group's website at www.capitaland.com. Recordings of the briefings are archived on CapitaLand'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 its retail shareholders informed as well through the business media, SIAS and website postings.

We support the Code's principle to encourage shareholder participation. Shareholders receive the summary financial report and notice of the AGM. Notice of the AGM is also advertised in the press and issued via SGXNET. At the AGM, shareholders have the opportunity to communicate their views and discuss with the Board and Management

on matters affecting the Company. The respective Chairpersons of the AC, NC and ERCC, and the external auditors, endeavour 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 effected 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 Group Chief Financial Officer.

During 2004, the FBC met three times to review the quarterly financial results, forecasts and the annual financial plan of the Group. Major business events, initiatives, strategies and areas of concern were also discussed at the meetings. In addition, the FBC 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 the adoption of good corporate governance and best practices in terms of transparency to shareholders and the investing community. Apart from convening a formal meeting of the CDC in 2004, the views and approvals of the CDC were sought on various announcements and news releases issued by the Company.

Investment Committee

The IC is chaired by Dr Richard Hu (Mr Philip Yeo was Chairman until 12 April 2004) 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, though the views of the IC and Board were actively sought by the 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 as the Chairman, with Mr Richard Edward Hale and Mr Lucien Wong Yuen Kuai as members.

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, as assisted by the CapitaLand Risk Assessment Group, which is responsible for compiling the Group Quarterly Risk Report. Included in the report is a monitoring of the utilisation rates of approved country and treasury limits of the Group.

Risk Assessment and Management

CapitaLand has developed a comprehensive risk management framework across the Group. Supervision is provided by the RC, with the President and CEO and Senior Management directly managing the process, assisted by the Risk Assessment Group ("RAG").

The framework provides a structured context for the RC, the President and CEO and 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 reviewed, significant issues identified and corrective actions proposed as part of the meeting process.

At the individual project level, all investment proposals above a stipulated value are subject to an independent and comprehensive risk evaluation by the RAG. In addition to 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 investments are discussed and acted on.

Completing the risk management framework is the CL IA, which provides 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 SGX-ST Best Practices Guide, the Company has issued guidelines to directors and employees in the Group, prohibiting dealings in the Company's securities while in possession of material unpublished price-sensitive information and during the close period of two weeks before and up to and including the date of announcement of results (quarterly, half-yearly and full-year).

Directors and employees are also prohibited from dealing in securities of other listed companies while 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 of the applicability of the insider trading laws at all times.

Transparency, Disclosure & Dissemination of Information

CapitaLand's commitment to high 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, and enhances credibility and overall shareholder value. Some proactive steps undertaken by the Group are timely release of quarterly results, furnishing more details in its annual reports and webcasting.

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
Dr Richard Hu Tsu Tau		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

* Member for the period 1 January up to 15 September 2004

2004 had been an exciting and fruitful year. Compared to 2003 when the Group had to overcome the negative effects of the war in Iraq and Severe Acute Respiratory Syndrome in the first half year, as well as the generally weak economy that persisted in the region, 2004 was a much brighter year with market conditions and sentiment in Singapore and the region improving.

Against this backdrop, the Group had a busy year with several strategic initiatives. These included:

Another successful REIT – CapitaCommercial Trust ("CCT")

This transaction gave shareholders an additional investment instrument which is liquid and more tax efficient. The successful listing and management of CCT saw its unit market price increase by over 50% from its opening price of S\$1.00 on 11 May 2004. Shareholders also enjoyed a re-rating of CapitaLand shares.

Increasing our Presence in China and Thailand

The Group's operations in China continued to be a strong contributor to its profits in 2004. The Group believes favourable market conditions will continue in the next few years and accordingly had acquired four more parcels of land in Shanghai, Beijing and Guangzhou for residential and serviced residence development. In addition, our Retail SBU ("CRTL") has entered into two separate co-operative agreements which will enable CRTL to gain access to a sizeable number of retail assets anchored respectively by Wal-Mart and Beijing Hualian Group, the latter being one of the largest retailers in China.

The Group also remains positive on Thailand and has embarked on a residential development in addition to our existing hotels and serviced residence operations. During the year, CapitaLand's joint venture company in Thailand, TCC Capital Land, launched its first luxury residential project, Athenee Residence. More than 80% of the 219-unit freehold condominium was booked after the launch in December 2004.

Management Contracts in New Markets

The Group enlarged its geographical spread to United Arab Emirates, South Korea, Russia and French Polynesia. In 2003, Ascott secured management contracts for two serviced residences in Dubai which are expected to be operational in 2005. In addition, PREMAS set up a joint venture in 2004 to provide integrated facility management services in Dubai.

Marking the Group's entry into the South Korean market, Ascott secured its first serviced residence management contract for 348 units in Seoul's central business district in 2004. During the same year, Raffles also secured two hotel management contracts in new markets, namely Swissôtel Krasnye Holmy in Moscow and Raffles Resort Taimana Tahaa in French Polynesia.

Expanding Fee-based Income

Several new property funds and real estate financial products were originated by our Financial Services SBU. New management contracts were also secured by both our hospitality arms, Ascott and Raffles.

Monetisation of Assets

The Group continues with its monetisation programme. This included the sale of Scotts Shopping Centre and The Ascott Singapore, 11 floors of Shinjuku Square Tower, as well as the injection of Plaza Singapura into CapitaMall Trust ("CMT") and La Park Mizue into CapitaRetail Japan Fund.

Earnings before interest and tax ("EBIT") at S\$901.8 million were S\$312.8 million or 53.1% better than 2003. Improvement was across the board in all SBUs and in all geographical regions. The increase in EBIT came from higher residential contributions, better performances from hotels and serviced residences operations, higher fee-based income, reversal of provisions no longer required, as well as lower revaluation deficits charged to the profit and loss account ("P/L"). The net revaluation deficit arising from

year-end valuation of investment properties charged to P/L for 2004 was S\$41.7 million compared to S\$161.8 million in 2003. Write-backs in capital values of our investment properties in Hong Kong and China helped to cushion the revaluation deficits of Singapore investment properties.

Finance costs in 2004 were S\$272.1 million, about S\$31.3 million higher than 2003. This was largely due to consolidation of Citadines' interest expenses as well as higher interest expenses from the enlarged stapled Australand Property Group which were also translated to S\$ at higher amounts due to higher exchange rates compared to 2003.

Although operating profits were substantially higher in 2004 than 2003, taxation expense for 2004 at S\$153.1 million was only marginally higher by S\$4.8 million or 3.2%. This was due to higher non-taxable profits in Australia, non-taxable recognition of negative goodwill on acquisition, as well as a lower Singapore corporate tax rate of 20% compared to 22% in 2003.

As a result of the factors discussed above, profit after tax and minority interests ("PATMI") achieved for 2004 tripled to S\$313.0 million from the profit of S\$102.6 million recorded in 2003. The Group is pleased to report that this is the highest PATMI recorded so far in the four years since its formation.

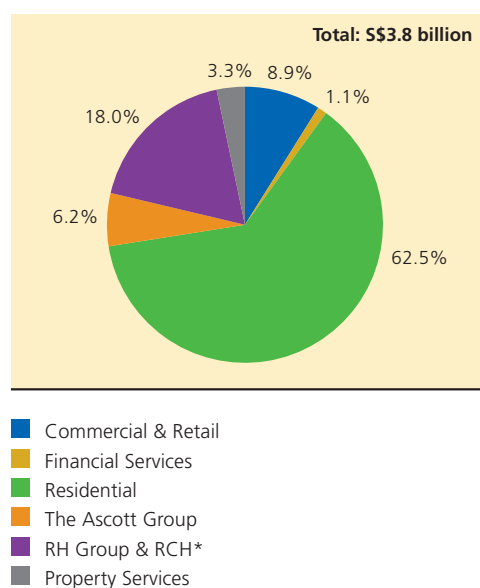
Revenue

For full year 2004, the Group recorded revenue of S\$3,803.5 million, an increase of S\$152.7 million or 4.2% over 2003. Although there was deconsolidation of CCT's revenue, lower residential sales in Australia and Singapore, as well as loss of contributions due to divestments, the decreases were more than offset by the continuing robust residential sales in China, overall improvement in hotels and serviced residence operations, full year inclusion of Swissôtel Nankai Osaka's revenue compared to four months in 2003 and two months' consolidation of Citadines' revenue in 2004.

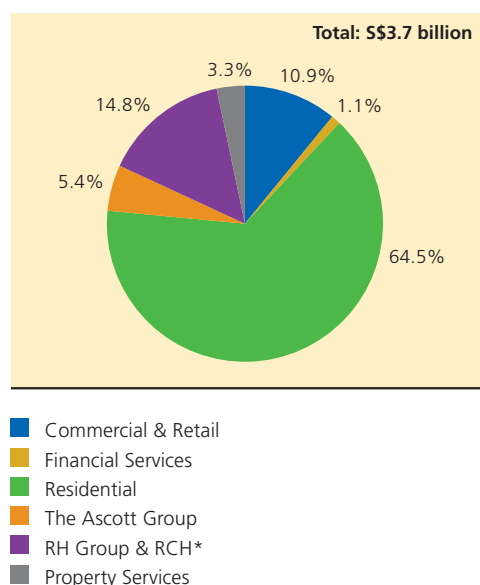
Approximately 62.5% of the Group revenue was contributed by the Residential SBU while the Hotel SBU contributed 18.0% and the Commercial and Retail SBUs contributed 8.9%.

The Group has successfully maintained the strong contributions from overseas. In terms of geographical analysis, revenue from overseas operations had steadily increased over the past few years and it accounted for 66.0% of Group's revenue in 2004 vs 62.6% in 2003.

2004 Revenue by SBU

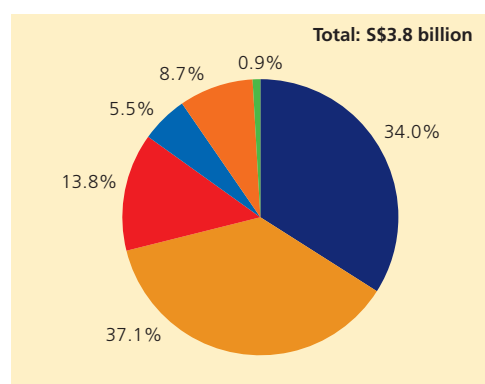


2003 Revenue by SBU



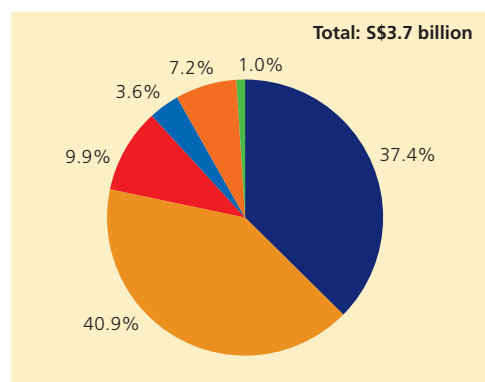
The major overseas contributors were from Australia and New Zealand (37.1%), China (13.8%) and Europe (8.7%). Australia's revenue came from our listed residential subsidiary, Australand Property Group, as well as from Ascott's Oakford chain of serviced residences and Raffles Holdings' Swissôtel Sydney. Contribution from China came mainly from the robust residential sales in Shanghai while Europe's revenue was mainly contributed by Raffles' Swissôtel hotel chain and Commercial SBU's Canary Riverside development.

2004 Revenue by Geographical Location



- Singapore
- Australia & New Zealand
- China
- Other Asia (excl. Singapore & China)
- Europe
- Others

2003 Revenue by Geographical Location



- Singapore
- Australia & New Zealand
- China
- Other Asia (excl. Singapore & China)
- Europe
- Others

Analysis of Results

Operating profit of S\$879.4 million was S\$200.2 million or 29.5% better than the S\$679.2 million recorded in 2003. Portfolio gains in 2004 amounted to S\$46.5 million, lower than the portfolio gains of S\$99.8 million in 2003. However, this was more than offset by the lower net provisions and revaluation deficits of S\$24.1 million charged to the P/L compared to the S\$190.0 million charged to P/L in 2003. As a result, Group's EBIT for 2004 was S\$901.8 million, an increase of S\$312.8 million or 53.1% over 2003.

All SBUs achieved higher EBIT in 2004. Despite the reduced share of contributions from properties divested into CCT and CMT, Commercial and Retail SBUs achieved an EBIT of S\$109.7 million which was 51.0% higher than S\$72.7 million recorded in 2003. The increase was mainly due to new contributions from Raffles City Shanghai, higher fee income, as well as lower revaluation deficits charged to the P/L.

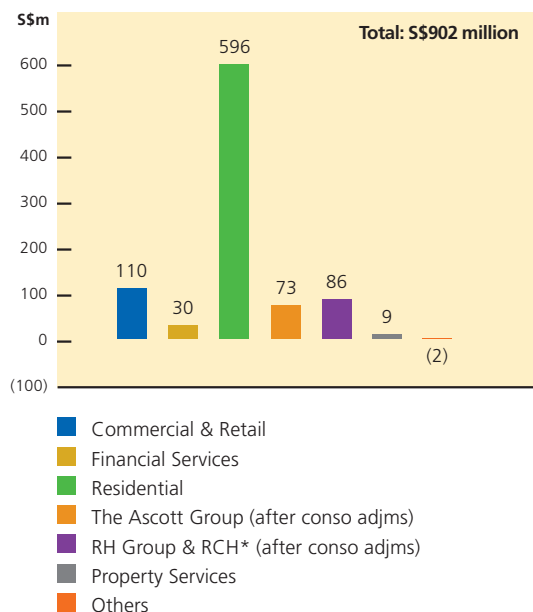
Financial Services SBU also performed well. It increased its assets under management to S\$6.0 billion in 2004 from S\$3.1 billion a year ago. The EBIT in 2004 was S\$29.8 million compared to S\$18.6 million in 2003. The higher EBIT was mainly due to higher fee revenue, higher share of contributions from an associate due to its divestment gain, as well as absence of provisions in 2004.

The Residential SBU achieved EBIT of S\$595.5 million, an increase of S\$252.9 million or 73.8% over 2003. The improvement came from all the countries it has operations in and was mainly due to the continuing robust sales of China projects, higher contributions from Australia and Singapore operations, as well as write-back in the capital value of Hong Kong Parkview.

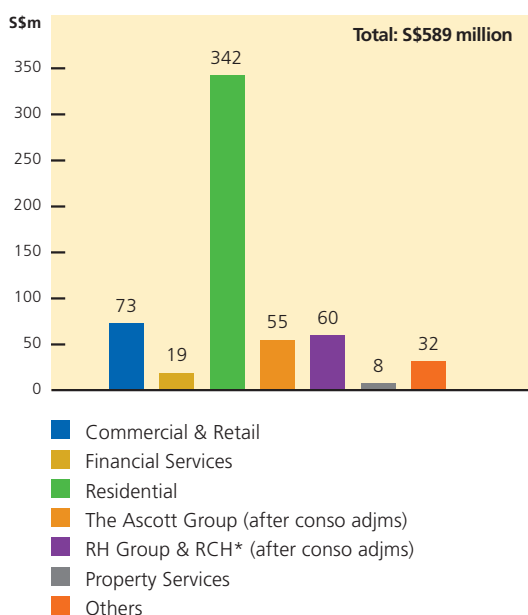
Both the Group's hospitality arms, Ascott and Raffles, also achieved higher EBIT. Ascott's higher EBIT of S\$73.2 million in 2004 vs S\$54.7 million in 2003 was mainly due to revenue growth achieved across all regions where Ascott operates. Similarly, for Raffles, the successful sales and marketing initiatives to drive revenue also positioned the

Hotel SBU well to benefit from the recovery in the global lodging industry. The Hotel SBU achieved an average revenue per available room of S\$157, a 15.9% increase over 2003. The increase in revenue, together with costs management and contributions from new contracts helped the Hotel SBU to achieve an EBIT of S\$86.1 million which was S\$25.9 million or 43.0% higher than 2003.

2004 EBIT by SBU



2003 EBIT by SBU



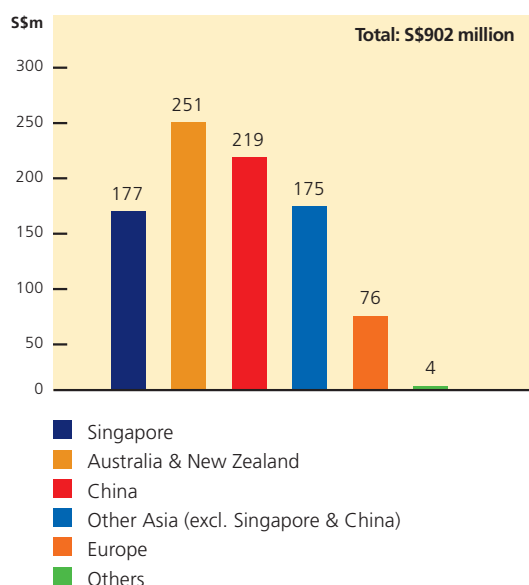
* Raffles Holdings Group and RC Hotels (Pte) Ltd

In terms of geographical analysis, the Group's EBIT came mainly from Australia and New Zealand (27.9%), China (24.3%), Singapore (19.6%) and other parts of Asia (19.4%). The percentage of overseas EBIT to Group's EBIT was steady at 80.4% compared to 81.1% in 2003. However, if net provisions and revaluation deficits were excluded, EBIT contribution from overseas operations had in fact increased to 68.5% from 63.3% in 2003.

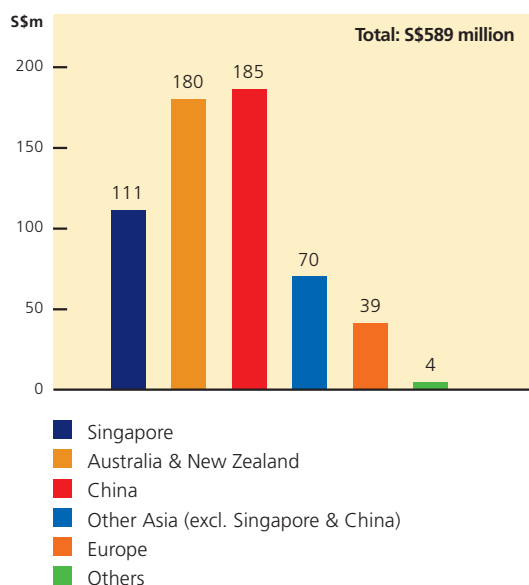
Higher EBIT was recorded across all geographical regions in which the Group operates. The improvement in Singapore came mainly from higher contributions from residential and hospitality operations as well as higher fee income from the Commercial, Retail and Financial Services SBUs. Higher EBIT from Australia was mainly attributed to the enlarged Australand Property Group which included contributions from stapled wholesale property trusts, as well as appreciation of A\$. Higher EBIT in China was mainly due to the continuing stellar performance from the residential operations as well as new contributions from newly opened Raffles City Shanghai. The higher EBIT in other parts of Asia was mainly due to the write-back in capital value of Hong Kong Parkview, full year contributions

from Swissôtel Nankai Osaka and improved performances from hospitality operations in the region. Europe's higher EBIT was mainly due to higher contributions from the Citadines chain of serviced residences, improved performance from the Swissôtel chain of hotels and the strengthening of the Euro.

2004 EBIT by Geographical Location



2003 EBIT by Geographical Location



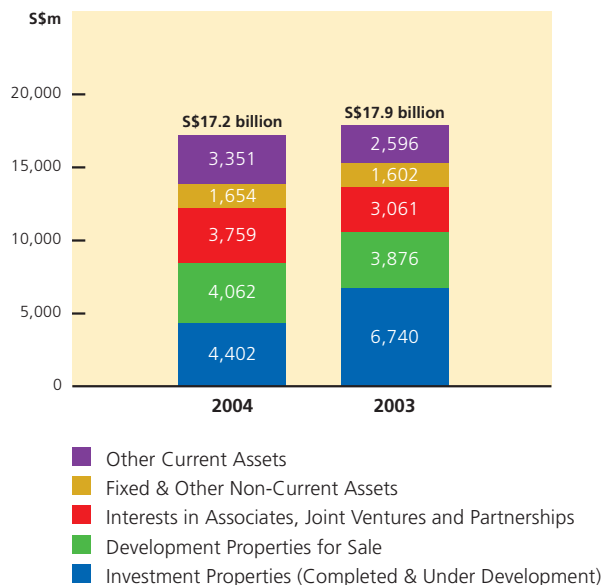
Dividends

The Directors have proposed a first and final gross dividend of 5 cents per share. In view of the Group's good performance in 2004, the Directors are also pleased to propose a special dividend of 1 cent per share. The total gross dividend of 6 cents per share is 50% higher than the dividend of 4 cents paid in the previous year. Based on the number of issued shares as at 31 December 2004, the net cash outflow for the proposed dividends after deducting tax of 20% is about S\$121.2 million.

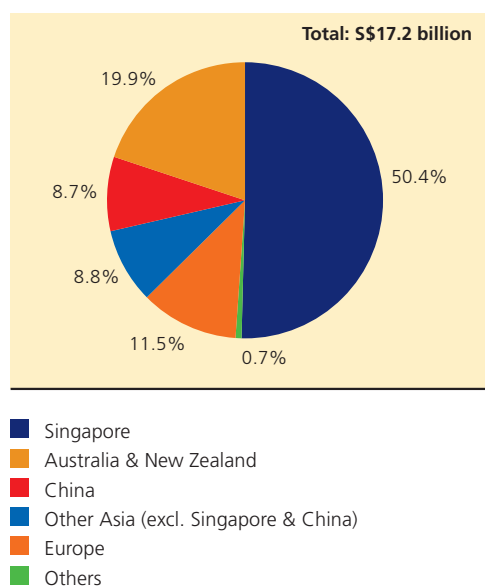
Assets

The Group's total assets as at 2004 year-end was S\$17.2 billion compared to S\$17.9 billion for 2003. The decrease of about S\$0.6 billion was mainly attributed to seven commercial properties valued at about S\$2.0 billion being injected into CCT, as well as the sale of investment properties such as Plaza Singapura, 268 Orchard Road, Scotts Shopping Centre and The Ascott Singapore. The decrease in total assets was partially offset by new investments, purchases of land for development, acquisition of an additional wholesale property trust by Australand Property Group, as well as increase in cash and cash equivalents at year-end. Overseas assets made up 49.6% of Group's total assets compared to 39.2% a year ago.

Total Assets by Category



2004 Total Assets by Geographical Location



Borrowings

Net debt stood at S\$5.3 billion vs S\$6.2 billion a year ago as a result of repayment of borrowings and an increase in cash and cash equivalents, largely from divestments proceeds. As such, the debt-equity ratio decreased to 0.71 at end 2004 compared to 0.77 a year ago. This was achieved despite a reduction of S\$885.8 million in the equity base which arose from the successful launch of the Group's second REIT – CCT.

Shareholders' Equity

The issued and paid-up ordinary share capital of the Company was increased by about S\$7.4 million due to exercises of share options during the year.

The Group's total reserves decreased by about S\$0.6 billion from S\$3.5 billion to S\$2.9 billion. The decrease was mainly due to the capital reduction via distribution in specie of CCT units. This amounted to S\$885.8 million which was effected through the share premium account. With the record profit of S\$313.0 million achieved for 2004, the retained earnings of the Group has turned positive to S\$179.6 million from the accumulated losses position of S\$71.9 million at end 2003.

The shareholders' funds as at 2004 year-end was S\$5.4 billion compared to S\$6.1 billion in 2003. The distribution in specie of CCT units, dividend payment of 4 cents per share in May 2004, as well as revaluation deficits taken at year-end reduced the Group's net tangible assets per share. However, this was partially offset by the profits made in 2004. Net tangible assets per share stood at S\$2.11 at end 2004 compared to S\$2.39 a year ago.

Treasury Highlights

	2004	2003
Bank Facilities And Available Funds		
Total bank facilities available (S\$'m)	6,844	7,329
Amount utilised for loans (S\$'m)	5,031	5,046
Available and unutilised (S\$'m)	1,813	2,283
Cash and fixed deposits balances (S\$'m)	1,918	1,476
Total unutilised facilities and funds available for use (S\$'m)	3,731	3,759
Debt Securities Capacity		
Total debt securities capacity (S\$'m)	7,019	4,889
Debt securities issue (net of debt securities purchased) (S\$'m)	2,166	2,585
Unused debt securities capacity (S\$'m)	4,853	2,304
Interest Cover Ratio		
Net profit before depreciation and amortisation, interest and tax (S\$'m)	909	609
Net interest expense (S\$'m)	188	168
Interest cover ratio (times)	4.83	3.63
Interest Service Ratio		
Operating cash surplus before interest and tax (S\$'m)	1,312	1,175
Net interest paid (S\$'m)	249	229
Interest service ratio (times)	5.27	5.13
Secured Debt Ratio		
Total secured debt (S\$'m)	2,413	2,175
Percentage of secured debt	34%	29%
Debt Equity Ratio		
Total debt (S\$'m)	7,197	7,631
Cash and fixed deposit balances (S\$'m)	1,918	1,476
Net debt (S\$'m)	5,279	6,155
Total equity (S\$'m)	7,446	8,040
Debt equity ratio	0.71	0.77
(net of cash and fixed deposit balances) (times)		

Management and Sources of Funding

The Group strives to maintain a prudent financial structure. The Group's main sources of operating cashflow comes from its residential business, management fees and commercial office rental income. On an ongoing basis, the Management closely monitors the Group's cashflow position, debt maturity profile and the overall liquidity position. To ensure that it has adequate liquidity resources to support its financing and investment requirements, it constantly maintains a pool of available banking facilities of not less than 25% of its net debt level.

During the year, the Group has realised substantial cash proceeds from the divestment of some of its office assets into CCT and the sale of Plaza Singapura to CMT. Through these divestments, it was able to deconsolidate the related debt in addition to utilising part of the proceeds derived to lower the overall net debt. The reduction in debt was partially offset by increased borrowings under the enlarged stapled Australand Property Group and the full debt impact arising from the acquisition of the remaining 50% interest in the serviced apartment chain, Citadines. As a result, the overall net debt is reduced by S\$0.9 billion to S\$5.3 billion as at year-end. The Group has improved its overall net debt position by S\$2.9 billion in comparison to a net debt level of S\$8.2 billion in 2000, when CapitaLand was formed.

With CCT, CapitaLand Limited ("CL") has undergone a capital reduction and conducted a distribution in-specie which involved a capital reduction of approximately S\$886 million standing to the credit of the share premium account of CL. The same amount in the form of CCT units were distributed to CL shareholders. At the close of the year, gearing is still at a comfortable level of 0.71 even after taking into account the impact from this capital reduction. The gearing ratio has improved significantly compared to 0.92 in 2000.

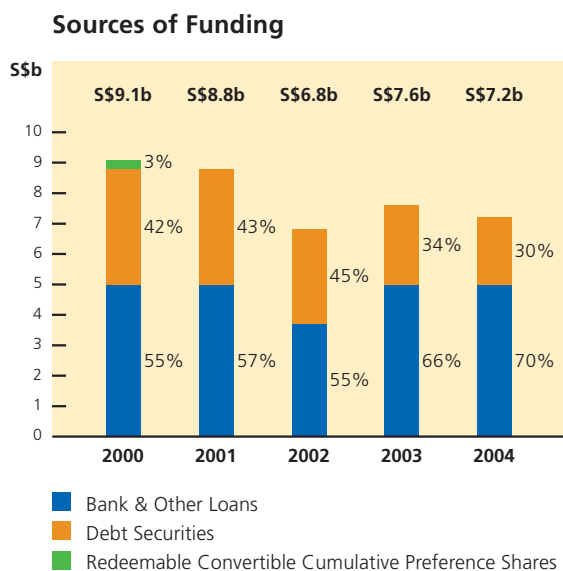
The Group's cash and fixed deposits balances have increased healthily by 30% to S\$1.92 billion. A substantial amount of these cash reserves will be used to repay borrowings or deploy to finance recent acquisitions.

Finance costs in 2004 were S\$272 million, approximately S\$31 million higher than 2003. This was largely due to higher interest expense from the enlarged stapled Australand Property Group and the consolidation of Citadines.

Sources of Funding

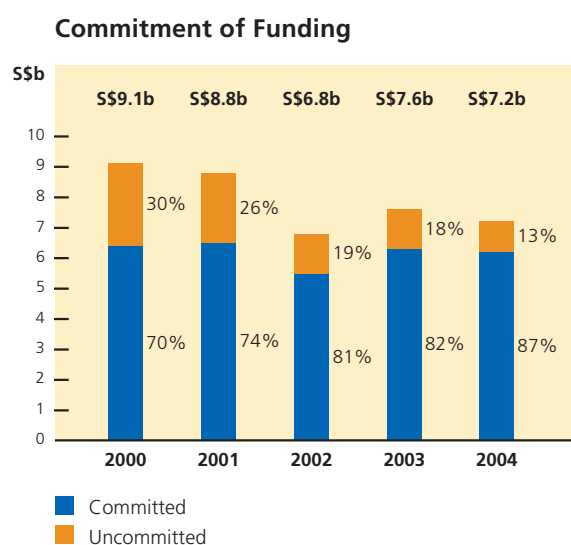
In addition to obtaining its funding from financial institutions and the capital markets, the Group has actively raised financing through rated commercial/retail/residential mortgaged backed securities ("MBS") for CMT, CCT and its retail and residential business units. During the year, the Group successfully completed four rated MBS and raised S\$1.6 billion of additional credit capacity via the MBS markets. This has enabled the Group to efficiently tap new sources of funding at competitive pricing.

As at year-end, 30% of the Group's gross debt was funded from the capital markets and the balance 70% was funded by financial institutions. The relatively lower portion of funding via capital market sources was due to progressive repayment of short term debt securities from the divestment proceeds as and when they are due.



Commitment of Funding

As at 31 December 2004, about 87% of its loan portfolio are on a committed basis. The Group also finances part of its loan portfolio using cheaper short term funds. This is to capitalise on the short term lower interest rates from the generally low interest rate environment during the year. To maintain a prudent asset versus liability match, committed funding will be raised at the appropriate time to match the holding period and to balance overall cost of funding for the investments.



Maturity Profile

	S\$ billion	% of Debt
Due within 1 year	2.37	33
Between 1 & 2 years	1.82	25
Between 2 & 3 years	1.34	19
Between 3 & 4 years	0.81	11
Between 4 & 5 years	0.68	9
More than 5 years	0.18	3

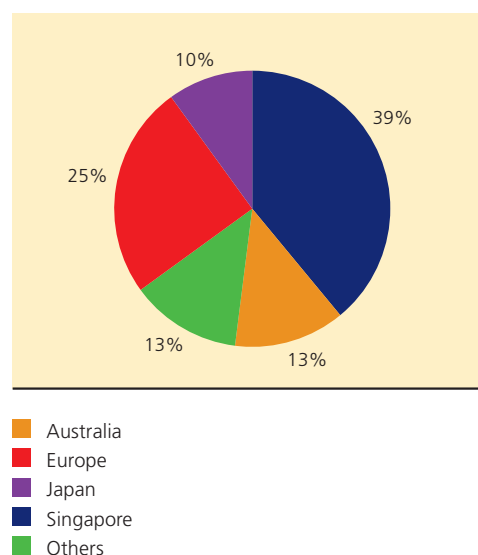
The Group has sufficient credit capacity and cash resources to meet its short term debt obligations, refinancing needs and investment plans. The Group will be using part of its divestment proceeds to continuously pare down the debts

that are due within the year. It will also constantly rebalance its loan portfolio after taking into account any divestment plans or windows of opportunity to raise longer tenor funding at competitive terms.

Available Lines by Nationality of Banks as at 31 December 2004

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

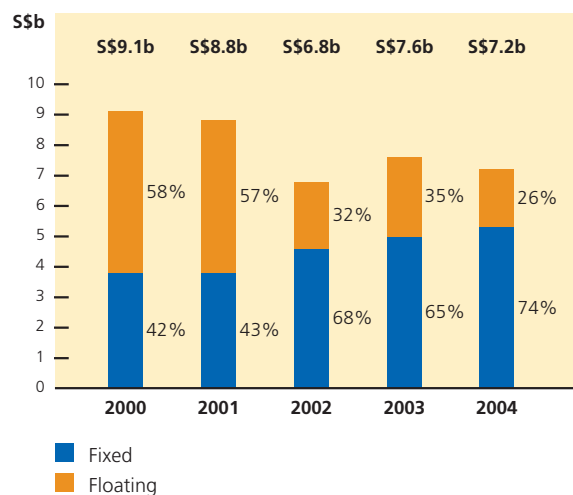
Available Lines by Nationality of Banks



Interest Rate Profile

As part of its financing strategy, the Group manages its interest costs by maintaining a prudent mix of fixed and floating rate borrowings. On a portfolio basis as at 31 December 2004, the fixed rate borrowings constituted 74% of total borrowings and the balance 26% were on floating rate basis. The higher percentage in fixed rate funding offers protection against potential interest rate hikes and at the same time allows the Group to achieve lower interest costs from the short term low interest rate environment during the year. In managing the interest rate profile, the Group also takes into account the interest rate outlook, the investment holding period, timing of the divestment plans and operating cashflow generated from progress payment collections from the residential receivables.

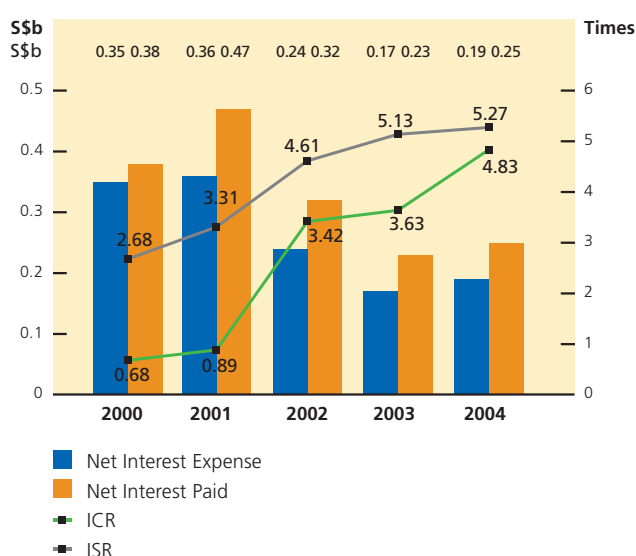
Analysis of Fixed and Floating Rate Loans



Interest Cover Ratio ("ICR") and Interest Service Ratio ("ISR")

The ICR and the ISR was 4.83 and 5.27 respectively. The ICR has improved mainly due to the significant improvement in operating profit. The strong cashflow from operations and overall lower interest payments have boosted the ISR to 5.27 from 5.13.

Interest Cover and Interest Service Ratio



	Note	2004 S\$ million	2003* S\$ million
Net Operating Profit Before Tax		472.5	291.7
Adjust for:			
Share of results of associates, joint ventures and partnerships		157.2	56.5
Interest expense	1	272.1	240.8
Others		84.0	106.9
Adjusted Profit Before Interest and Tax		985.8	695.9
Cash operating taxes	2	(257.0)	(245.4)
Net Operating Profit After Tax (NOPAT)		728.8	450.5
Average capital employed	3	15,853.1	15,677.1
Weighted average cost of capital (%)	4	7.3	6.4
Capital Charge (CC)		1,157.3	1,003.3
Economic Value Added (EVA) [NOPAT – CC]		(428.5)	(552.8)
Minority share of EVA		(41.2)	(74.6)
Group EVA attributable to ordinary shareholders		(387.3)	(478.2)
Excluding net divestment gains and provisions as per EVA framework		(9.7)	(125.4)
Group EVA attributable to ordinary shareholders (excluding net divestment gains and provisions)		(377.6)	(352.8)

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	7,292.0
Equity	7,866.9
Others	694.2
Total	15,853.1

Note 4: The Weighted Average Cost of Capital is calculated as follows:

- Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2003: 6.0%);
- Risk-free rate of 3.78% (2003: 2.78%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- Ungeared beta at 0.50 to 0.90 (2003: 0.50 to 0.90) based on ST risk categorisation of CapitaLand's strategic business units; and
- Cost of Debt rate at 3.70% (2003: 2.68%) using 5-year Singapore Dollar Swap Offered rate plus 75 basis points.

* 2003 comparatives have been restated to take into account the retrospective adjustments relating to revenue recognition policy for properties sold under conditions of continuing involvement. In addition, certain comparatives have been reclassified to conform with current year's presentation.

Value Added Statements

	2004 S\$ million	2003* S\$ million
Value Added From:		
Revenue earned	3,803.5	3,650.9
Less bought in materials and services	(2,666.2)	(2,602.3)
Gross Value Added	1,137.3	1,048.6
Share of results of associates, joint ventures and partnerships	157.2	56.5
Exchange gains (net)	0.1	9.1
Other operating income (net)	132.1	53.9
	289.4	119.5
Total Value Added	1,426.7	1,168.1
Distribution:		
To employees in wages, salaries and benefits	480.5	459.5
To government in taxes and levies	151.8	157.7
To providers of capital in:		
– Net interest on borrowings	255.3	255.0
– Dividends to shareholders	80.6	98.2
	968.2	970.4
Balance Retained in the Business:		
Depreciation and amortisation	45.3	92.7
Retained profits net of dividend to shareholders	232.4	4.4
Minority interests	163.6	97.3
	441.3	194.4
Non-Production Costs and Income:		
Bad debts and provision of doubtful debts	17.2	3.3
Total Distribution	1,426.7	1,168.1
Productivity Analysis:		
Value added per employee (S\$'000) #	107	101
Value added per dollar of employment cost (S\$)	2.37	2.28
Value added per dollar investment in fixed assets (S\$)	0.54	0.54

Based on average 2004 headcount of 10,668 (2003 : 10,332).

* 2003 comparatives have been restated to take into account the retrospective adjustments relating to revenue recognition policy for properties sold under conditions of continuing involvement. In addition, certain comparatives have been reclassified to conform with current year's presentation.

	2000	2001	2002	2003	2004
A PROFIT AND LOSS ACCOUNTS (\$\$ million)					
Revenue by Activity					
Commercial properties' rental and related income	463.6	809.2	687.2	743.8	604.9
Residential properties' sales and related income	1,863.9	1,690.1	1,769.3	2,045.5	2,065.2
Serviced residences operations	91.4	138.9	153.0	151.2	202.1
Hotels operations	398.1	498.7	549.4	576.2	728.4
Property, project and other management services	117.8	116.3	118.9	123.8	125.8
Other income	65.9	39.5	35.5	61.2	118.5
Inter-segment elimination	(79.0)	(59.5)	(51.6)	(50.8)	(41.4)
Total	2,921.7	3,233.2	3,261.7	3,650.9	3,803.5
Earnings Before Interest and Tax (EBIT) by Activity					
Commercial properties' rental and related income	288.1	601.9	417.4	175.2	237.3
Residential properties' sales and related income	296.8	(355.4)	290.6	305.1	468.9
Serviced residences operations	31.9	15.7	23.1	29.3	57.4
Hotels operations	(132.2)	142.4	29.7	26.0	55.5
Property, project and other management services	22.3	11.4	9.0	8.7	11.6
Other income	(194.5)	(47.2)	(4.9)	44.7	71.1
Inter-segment elimination	(1.9)	–	–	–	–
Total	310.5	368.8	764.9	589.0	901.8
Net Profit/(Loss) attributable to Shareholders	(287.0)	(281.4)	280.0	102.6	313.0
B BALANCE SHEETS (\$\$ million)					
Investment Properties (completed and under development)	9,118.6	6,997.9	6,464.2	6,739.8	4,401.6
Development Properties for Sale	4,281.2	3,445.1	3,409.5	3,823.2	4,062.4
Associates, Joint Ventures and Partnerships	1,581.7	2,416.7	2,767.5	3,060.9	3,758.6
Fixed and Other Assets	4,604.1	5,509.2	3,831.4	4,250.9	5,005.0
Total Assets	19,585.6	18,368.9	16,472.6	17,874.8	17,227.6
Shareholders' Funds	7,042.4	6,005.9	6,061.2	6,065.2	5,382.5
Total Borrowings	9,059.8	8,811.5	6,777.2	7,631.1	7,196.8
Minority Interests and Other Liabilities	3,483.4	3,551.5	3,634.2	4,178.5	4,648.3
Total Equities & Liabilities	19,585.6	18,368.9	16,472.6	17,874.8	17,227.6
C FINANCIAL RATIOS					
Earnings per share after tax (cents)	(11.5)	(11.2)	11.1	4.1	12.4
Return on Shareholders' Funds (%)	(4.2)	(4.3)	4.6	1.7	5.5
Return on Total Assets (%)	1.0	1.4	3.9	2.6	4.3
Dividend					
Gross first & final dividend rate (%)	2.0	3.0	5.0	4.0	5.0
Gross special dividend rate (%)	–	–	–	–	1.0
Total gross dividend rate for ordinary shares (%)	2.0	3.0	5.0	4.0	6.0
Dividend cover (times)	NM	NM	2.9	1.3	2.6
Net Tangible Assets per share (\$\$)	2.80	2.37	2.40	2.39	2.11
Debt Equity Ratio (net of cash) (times)	0.92	0.87	0.72	0.77	0.71
Interest Cover (times)	0.68	0.89	3.42	3.63	4.83

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.
- In May 2004, there was also a distribution in specie of 200 units in CapitaCommercial Trust for every 1,000 CapitaLand shares held. The book value of the said distribution was approximately 36 cents per share of the CapitaLand Group's net asset value.
- NM: Not Meaningful

Statutory Accounts

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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 2004.

Directors

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

Dr Hu Tsu Tau (appointed on 13 April 2004)
Hsuan Owyang
Liew Mun Leong
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

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	56,000
Sir Alan Cockshaw	-	55,000
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 \$2.10 per share^		
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
Options to subscribe for ordinary shares of \$1 each exercisable between 13/06/2001 to 11/06/2010 at an exercise price of \$1.91 per share^		
Liew Mun Leong	1,077,000	1,077,000

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
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 \$2.06 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 \$2.02 per share^		
Hsuan Owyang	220,000	220,000
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 19/06/2002 to 18/06/2011 at an exercise price of \$1.85 per share^		
Liew Mun Leong	800,000	800,000
Options to subscribe for ordinary shares of \$1 each exercisable between 11/05/2003 to 10/05/2007 at an exercise price of \$1.32 per share^		
Hsuan Owyang	150,000	150,000
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 11/05/2003 to 10/05/2012 at an exercise price of \$1.19 per share^		
Liew Mun Leong	800,000	800,000
Options to subscribe for ordinary shares of \$1 each exercisable between 01/03/2004 to 28/02/2008 at an exercise price of \$1.00 per share^		
Hsuan Owyang	150,000	198,000
Liew Mun Leong (<i>exercisable between 01/03/2004 to 28/02/2013</i>)	800,000	1,008,000
Andrew Buxton	40,000	52,800
Sir Alan Cockshaw	110,000	72,600
Richard Edward Hale	126,000	166,320
Lim Chin Beng	120,000	158,400
Peter Seah Lim Huat	90,000	118,800
Sum Soon Lim	100,000	132,000
Jackson Peter Tai	90,000	118,800
Lucien Wong Yuen Kuai	80,000	105,600

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 28/02/2005 to 27/02/2009 at an exercise price of \$1.33 per share^		
Hsuan Owyang	-	170,000
Sir Alan Cockshaw	-	90,000
Richard Edward Hale	-	120,000
Lim Chin Beng	-	130,000
Peter Seah Lim Huat	-	90,000
Sum Soon Lim	-	100,000
Jackson Peter Tai	-	90,000
Lucien Wong Yuen Kuai	-	80,000
Options to subscribe for ordinary shares of \$1 each exercisable between 28/02/2005 to 27/02/2014 at an exercise price of \$1.20 per share^		
Liew Mun Leong	-	800,000
Conditional award of performance shares to be delivered after 2004^		
Liew Mun Leong (292,500 performance shares)	0 to 500,000 #	0 to 585,000 #
Conditional award of performance shares to be delivered after 2005^		
Liew Mun Leong (468,000 performance shares)	0 to 800,000 #	0 to 936,000 #
Conditional award of performance shares to be delivered after 2006^		
Liew Mun Leong (468,000 performance shares)	-	0 to 936,000 #
Related Corporations		
Chartered Semiconductor Manufacturing Ltd		
Ordinary shares of \$0.26 each fully paid		
Sum Soon Lim	350,000	408,618
Options to subscribe for ordinary shares of \$0.26 each exercisable between 15/11/1996 to 07/10/2004 at an exercise price of \$0.94 per share		
Sum Soon Lim	16,748	-
Options to subscribe for ordinary shares of \$0.26 each exercisable between 30/04/1999 to 07/10/2004 at an exercise price of \$0.80 per share		
Sum Soon Lim	41,870	-
Options to subscribe for ordinary shares of \$0.26 each exercisable between 29/04/2000 to 29/10/2004 at an exercise price of \$2.86 per share		
Sum Soon Lim	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	-
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

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 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 Sum Soon Lim	23,443 46,887	23,443 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 Sum Soon Lim	46,887 46,887	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 Sum Soon Lim	40,000 25,000	40,000 25,000
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 Sum Soon Lim	45,000 35,000	45,000 35,000
Options to subscribe for ordinary shares of \$0.26 each exercisable between 27/02/2005 to 27/02/2009 at an exercise price of \$1.70 per share Peter Seah Lim Huat Sum Soon Lim	- -	85,000 60,000
Global Crossing Limited		
Options to subscribe for common shares of US\$0.01 each exercisable between 12/01/2005 to 11/01/2014 at an exercise price of US\$10.16 per share Peter Seah Lim Huat Sum Soon Lim	- -	40,000 11,000

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)		
PT Indosat Tbk		
<i>(formerly known as PT Indonesian Satellite Corporation Tbk)</i>		
Options to subscribe for unissued Series B common shares of Rp 100 each exercisable between 01/08/2004 to 31/07/2005 at an exercise price Rp 1,567.44 per share+		
Peter Seah Lim Huat	30,000	150,000
Sum Soon Lim	27,000	135,000
Options to subscribe for unissued Series B common shares of Rp 100 each exercisable between 01/08/2005 to 31/07/2006 at an exercise price Rp 3,702.60 per share		
Peter Seah Lim Huat	-	150,000
Sum Soon Lim	-	135,000
Raffles Holdings Limited		
Ordinary shares of \$0.32 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 \$0.32 each exercisable between 16/08/2002 to 15/08/2011 at an exercise price of \$0.33 per share*		
Liew Mun Leong	100,000	100,000
Options to subscribe for ordinary shares of \$0.32 each exercisable between 16/08/2003 to 15/08/2012 at an exercise price of \$0.33 per share*		
Liew Mun Leong	100,000	100,000
Options to subscribe for ordinary shares of \$0.32 each exercisable between 09/07/2004 to 08/07/2013 at an exercise price of \$0.33 per share*		
Liew Mun Leong	100,000	100,000
Options to subscribe for ordinary shares of \$0.32 each exercisable between 01/03/2005 to 28/02/2014 at an exercise price of \$0.428 per share*		
Liew Mun Leong	-	130,000
SembCorp Industries Limited		
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

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 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
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	35,000
Peter Seah Lim Huat	70,000	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	35,000
Peter Seah Lim Huat	70,000	70,000
Options to subscribe for ordinary shares of \$0.25 each exercisable between 18/05/2005 to 17/05/2009 at an exercise price of \$1.35 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 23/11/2005 to 22/11/2009 at an exercise price of \$1.52 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	40,000
Singapore Food Industries Limited		
Ordinary shares of \$0.05 each fully paid		
Liew Mun Leong	30,000	30,000
Singapore Technologies Engineering Limited		
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

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 Technologies Engineering Limited (cont'd)		
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	13,500
Peter Seah Lim Huat	44,500	44,500
Lucien Wong Yuen Kuai	23,500	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	13,500
Peter Seah Lim Huat	40,500	40,500
Lucien Wong Yuen Kuai	19,500	19,500
Options to subscribe for ordinary shares of \$0.10 each exercisable between 10/02/2005 to 09/02/2009 at an exercise price of \$2.09 per share		
Lim Chin Beng	-	13,500
Peter Seah Lim Huat	-	44,500
Lucien Wong Yuen Kuai	-	19,500
Options to subscribe for ordinary shares of \$0.10 each exercisable between 11/08/2005 to 10/08/2009 at an exercise price of \$2.12 per share		
Lim Chin Beng	-	13,500
Peter Seah Lim Huat	-	44,500
Lucien Wong Yuen Kuai	-	19,500
Singapore Telecommunications Ltd		
Ordinary shares of \$0.15 each fully paid		
Liew Mun Leong	5,580	5,190
Lim Chin Beng	1,490	1,430
Peter Seah Lim Huat	3,420	3,176
Sum Soon Lim	3,510	3,259
Jackson Peter Tai	110,000	102,150
Lucien Wong Yuen Kuai	3,420	3,180
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	233,000	233,000

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)		
StarHub Ltd		
Ordinary shares of \$0.40 each fully paid		
Lim Chin Beng	-	60,000
Peter Seah Lim Huat	-	60,000
Sum Soon Lim	-	20,000
Options to subscribe for ordinary shares of \$0.40 each exercisable between 30/11/2003 to 29/11/2007 at an exercise price of \$0.88 per share@		
Lim Chin Beng	350,000	87,500
Peter Seah Lim Huat	150,000	37,500
Options to subscribe for ordinary shares of \$0.40 each exercisable between 31/05/2004 to 30/05/2008 at an exercise price of \$0.88 per share@		
Lim Chin Beng	75,000	18,750
Peter Seah Lim Huat	75,000	18,750
Options to subscribe for ordinary shares of \$0.40 each exercisable between 29/11/2004 to 28/11/2008 at an exercise price of \$0.88 per share@		
Lim Chin Beng	75,000	18,750
Peter Seah Lim Huat	75,000	18,750
Options to subscribe for ordinary shares of \$0.40 each exercisable between 03/04/2005 to 02/04/2009 at an exercise price of \$0.96 per share@		
Lim Chin Beng	-	18,750
Peter Seah Lim Huat	-	18,750
Options to subscribe for ordinary shares of \$0.40 each exercisable between 27/11/2005 to 26/11/2009 at an exercise price of \$0.985 per share@		
Lim Chin Beng	-	18,750
Peter Seah Lim Huat	-	18,750
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

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)		
STT Communications Ltd (cont'd)		
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 (<i>exercisable between 30/07/2004 to 29/07/2013</i>)	39,000	39,000
Sum Soon Lim	200,000	200,000
Options to subscribe for ordinary shares of \$0.50 each exercisable between 29/07/2005 to 28/07/2009 at an exercise price of \$1.08 per share		
Peter Seah Lim Huat (<i>exercisable between 29/07/2005 to 28/07/2014</i>)	-	130,000
Sum Soon Lim	-	300,000
TeleChoice International Limited		
Ordinary shares of \$0.02 each fully paid		
Liew Mun Leong	-	9,000
Peter Seah Lim Huat	-	50,000
Sum Soon Lim	-	60,000
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 (<i>exercisable between 21/12/2001 to 20/12/2010</i>)	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 (<i>exercisable between 30/06/2002 to 29/06/2011</i>)	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 (<i>exercisable between 05/05/2003 to 04/05/2012</i>)	120,000	120,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Peter Seah Lim Huat (<i>exercisable between 05/05/2003 to 30/12/2006</i>) [¶]	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 (<i>exercisable between 10/05/2004 to 09/05/2013</i>)	120,000	120,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Peter Seah Lim Huat (<i>exercisable between 10/05/2004 to 30/12/2006</i>) [¶]	30,000	30,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 01/03/2005 to 28/02/2009 at an exercise price of \$0.418 per share		
Liew Mun Leong (<i>exercisable between 01/03/2005 to 28/02/2014</i>)	-	130,000
Richard Edward Hale	-	100,000
Lim Chin Beng	-	100,000
Peter Seah Lim Huat (<i>exercisable between 31/12/2004 to 30/12/2006</i>) [¶]	-	32,000

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		
Liew Mun Leong	100	100
Sum Soon Lim	500	500
Redeemable preference shares of US\$0.01 each fully paid		
Liew Mun Leong	100	100
Sum Soon Lim	500	485

Footnotes:

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.

^ Adjustments have been made to the exercise prices and/or number of share options for unexercised share options under the CapitaLand Share Option Plan arising from the distribution in specie of units in CapitaCommercial Trust to CapitaLand Limited shareholders. Adjustments have also been made to the number of performance shares under conditional award.

+ Adjustments have been made to the exercise price and number of share options for unexercised share options under the PT Indosat Share Option Plan arising from a 5-for-1 stock split.

* The par value of each ordinary share has been adjusted from \$0.50 to \$0.32 following the capital distribution of \$0.18 for each issued and paid-up ordinary share of Raffles Holdings Limited. Arising from the said capital distribution, adjustments have also been made to the exercise prices of unexercised share options under the Raffles Holdings Share Option Plan, as well as to the number of performance shares under conditional award.

@ Adjustments have been made to the exercise price and number of share options for unexercised share options under the StarHub Share Option Plan resulting from the consolidation of four existing ordinary shares of par value \$0.10 into one ordinary share of par value \$0.40 each.

¶ Pursuant to the existing CapitaLand Share Option Plan and The Ascott Share Option Plan (together, the "Share Option Plans"), Singapore Technologies Pte Ltd ("STPL") has been designated as the parent company. Employees of STPL, as parent group employees, were granted options ("Options") to subscribe for ordinary shares in the capital of CapitaLand Limited ("CapitaLand") and/or The Ascott Group Limited ("Ascott"). Arising from a restructuring of STPL by Temasek Holdings (Private) Limited which was completed on 31 December 2004, STPL ceased to be the parent company of CapitaLand and Ascott. Pursuant to the rules of the respective Share Option Plans, the respective Executive Resource and Compensation Committees of CapitaLand and Ascott had approved the Options held by those former employees of STPL to be fully vested as at 31 December 2004 and continue to be exercisable for a period of 2 years up to 30 December 2006.

Mr Sum Soon Lim's total share options to subscribe for the ordinary shares of \$0.50 each in STT Communications Ltd has changed from 1,105,000 as at 31 December 2004 to 876,250 as at 21 January 2005.

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 2005.

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 three other directors or to firms in which they 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
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.

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.

Share Options (cont'd)

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

- **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 and Executives of Associates (over which the Company has operational control) who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. Singapore Technologies Pte Ltd ("STPL") was previously designated as the parent company and its subsidiaries as being part of the Parent Group. Arising from a restructuring of STPL by Temasek Holdings (Private) Limited which was completed on 31 December 2004, STPL ceased to be the parent company of the Company.

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 Associates 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.

- **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.

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

- **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

In respect of share options under CapitalLand Share Option Plan and performance shares under CapitalLand Performance Share Plan, adjustments have been made to the exercise prices and/or number of share options for unexercised share options, as well as to the number of performance shares under conditional award. For details, please refer to the footnote marked "^" in the "Directors' Interests in Shares or Debentures" section.

In respect of share options under Raffles Holdings Share Option Plan and performance shares under Raffles Holdings Performance Share Plan, adjustments have been made to the exercise prices of unexercised share options, as well as to the number of performance shares under conditional award. For details, please refer to the footnote marked "*" in the "Directors' Interests in Shares or Debentures" section.

In respect of share options granted under CapitalLand Share Option Plan and The Ascott Share Option Plan to employees of Singapore Technologies Pte Ltd, the unexercised share options became fully vested on 31 December 2004 and continue to be exercisable for a period of 2 years up to 30 December 2006. For details, please refer to the footnote marked "†" in the "Directors' Interests in Shares or Debentures" section.

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.

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
The Company				
Non-Executive Directors	25	01/03/2004 to 28/02/2008	1.00	449,600
	31	28/02/2005 to 27/02/2009	1.33	1,650,000
Group Executives (including 1 Executive Director)	810	01/03/2004 to 28/02/2013	1.00	3,830,578
	1	25/04/2004 to 24/04/2013	1.00	73,200
	45	30/08/2004 to 29/08/2013	1.00	96,320
	1	23/09/2004 to 22/09/2013	1.00	6,000
	1,771	28/02/2005 to 27/02/2014	1.20	21,783,220
	1	19/03/2005 to 18/03/2014	1.14	60,000
	125	28/08/2005 to 27/08/2014	1.55	863,600
Parent Group Executives	75	01/03/2004 to 30/12/2006	1.00	140,530
	99	31/12/2004 to 30/12/2006	1.20	750,000
Total				29,703,048
Raffles Holdings Limited				
Non-Executive Directors	6	01/03/2005 to 28/02/2009	0.428	460,000
Group Executives (including 1 Executive Director)	264	01/03/2005 to 28/02/2014	0.428	8,608,400
Parent Group Executives (including 3 Directors)	121	01/03/2005 to 28/02/2014	0.428	1,475,000
Associated Company Executives	688	01/03/2005 to 28/02/2009	0.428	1,320,600
Total				11,864,000
The Ascott Group Limited				
Non-Executive Directors	7	01/03/2005 to 28/02/2009	0.418	570,000
Group Executives (including 1 Executive Director)	317	01/03/2005 to 28/02/2014	0.418	8,665,000
Parent Group Executives	138	01/03/2005 to 28/02/2014	0.418	1,497,000
	100	31/12/2004 to 30/12/2006	0.418	500,000
Total				11,232,000

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

In addition to the above APG ESOP, 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 exercise in 2003, the terms of the options were changed whereby they are now exercisable over APG stapled securities. No options over unissued APG stapled securities were granted during the financial year.

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

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
CapitaLand Limited	1.00	1.00 to 1.91	7,445,583
Raffles Holdings Limited	0.50 0.32	0.50 0.33	3,594,628 1,629,758
The Ascott Group Limited	0.20	0.32 to 0.37	3,621,500
Australand Property Group	NA #	A\$1.57@	165,500

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

@ The exercise price of options issued under Australand Share Option Scheme changed from A\$1.58 to A\$1.57 as the result of capital raising of A\$164 million in June 2004.

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

(d) Unissued Shares under Option

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

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Par Value (per share) \$	Number of Unissued Shares under Option
The Company					
Non-Executive Directors	22	11/06/2005	2.10	1.00	1,690,890
	7	03/08/2005	2.06	1.00	480,000
	32	18/06/2006	2.02	1.00	2,140,000
	33	10/05/2007	1.32	1.00	1,522,500
	25	28/02/2008	1.00	1.00	1,797,840
	25	27/02/2009	1.33	1.00	1,490,000
					9,121,230

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 Company (cont'd)					
Group Executives	22	12/04/2010	1.79	1.00	1,747,600
	115	11/06/2010	1.91	1.00	5,233,900
	179	03/08/2010	1.88	1.00	1,143,415
	1	23/11/2010	2.01	1.00	200,000
	802	18/06/2011	1.85	1.00	12,733,568
	1	02/07/2011	1.84	1.00	100,000
	1	31/12/2011	1.31	1.00	300,000
	788	10/05/2012	1.19	1.00	10,877,774
	810	28/02/2013	1.00	1.00	17,042,444
	1	24/04/2013	1.00	1.00	378,200
	42	29/08/2013	1.00	1.00	613,300
	1	22/09/2013	1.00	1.00	106,000
	879	27/02/2014	1.20	1.00	18,423,526
	1	18/03/2014	1.14	1.00	60,000
	64	27/08/2014	1.55	1.00	601,800
					69,561,527
Parent Group Executives and others	2	11/06/2005	2.10	1.00	107,700
	52	30/12/2006	1.91	1.00	479,727
	78	30/12/2006	1.19	1.00	347,295
	75	30/12/2006	1.00	1.00	545,090
	76	30/12/2006	1.20	1.00	633,000
					2,112,812
Total					80,795,569

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					
Hsuan Owyang	218,000	838,000	-	-	838,000
Liew Mun Leong	1,008,000	4,535,000	-	-	4,535,000
Andrew Buxton	12,800	186,650	-	-	186,650
Sir Alan Cockshaw	107,600	742,230	(55,000)	-	687,230
Richard Edward Hale	160,320	385,170	-	-	385,170
Lim Chin Beng	168,400	638,410	-	-	638,410
Peter Seah Lim Huat	118,800	298,800	-	-	298,800
Sum Soon Lim	132,000	669,700	-	-	669,700
Jackson Peter Tai	118,800	528,800	-	-	528,800
Lucien Wong Yuen Kuai	105,600	409,450	-	-	409,450
	2,150,320	9,232,210	(55,000)	-	9,177,210

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
The Company (cont'd)					
Non-Executive Directors (including former directors of the Company)	957,280	5,377,980	(91,060)	(807,900)	4,479,020
Group Executives (excluding Liew Mun Leong)	25,704,918	106,136,588	(7,018,803)	(34,091,258)	65,026,527
Parent Group Executives and others	890,530	3,475,839	(280,720)	(1,082,307)	2,112,812
Total	29,703,048	124,222,617	(7,445,583)	(35,981,465)	80,795,569

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	3	15/08/2006	0.33	0.32	250,000
	3	15/08/2007	0.33	0.32	240,000
	5	08/07/2008	0.33	0.32	370,000
	6	28/02/2009	0.428	0.32	460,000
					1,320,000
Group Executives	151	15/08/2011	0.33	0.32	2,685,620
	359	15/08/2012	0.33	0.32	6,839,270
	321	08/07/2013	0.33	0.32	7,435,020
	264	28/02/2014	0.428	0.32	8,337,000
					25,296,910
Parent Group Executives	56	15/08/2011	0.33	0.32	630,600
	69	15/08/2012	0.33	0.32	547,940
	106	08/07/2013	0.33	0.32	885,280
	121	28/02/2014	0.428	0.32	1,267,000
					3,330,820
Associated Company Executives	261	15/08/2006	0.33	0.32	559,706
	786	15/08/2007	0.33	0.32	1,048,560
	820	08/07/2008	0.33	0.32	1,030,828
	688	28/02/2009	0.428	0.32	1,157,400
					3,796,494
Total					33,744,224

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
	6	28/02/2009	0.418	0.20	500,000
					4,050,000
Group Executives and Parent Group Executives	192	20/12/2010	0.370	0.20	8,256,500
	304	29/06/2011	0.320	0.20	8,849,750
	327	04/05/2012	0.353	0.20	10,415,000
	310	09/05/2013	0.321	0.20	10,812,000
	290	28/02/2014	0.418	0.20	6,639,000
	55	30/12/2006	0.370	0.20	260,000
	56	30/12/2006	0.320	0.20	236,250
	73	30/12/2006	0.353	0.20	292,000
	66	30/12/2006	0.321	0.20	366,000
	79	30/12/2006	0.418	0.20	432,000
					46,558,500
Total					50,608,500
Australand Property Group					
Directors	5	13/03/2011	A\$1.57	NA	575,000
Employees	67	13/03/2011	A\$1.57	NA	1,820,000
Total					2,395,000

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. A specified number of performance shares will only be released by the ERCC to the recipient at the end of the qualifying performance period, provided the minimum level of targets achieved is not less than 80% of targets set.

The final number of performance shares given will depend on the level of achievement of those targets over the three-year performance period. 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.

Share Options (cont'd)

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

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

	Number of Holders	Performance Shares conditionally granted during the year Number of Performance Shares	Number of Holders	Performance Shares lapsed or cancelled during the year Number of Performance Shares
The Company	23	3,206,700*	1	20,000
Raffles Holdings Limited	6	3,185,044*	-	-
The Ascott Group Limited	3	1,200,000	2	1,000,000

* Include additional adjustment performance shares.

As at 31 December 2004, 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	1,817,400	0 to 3,634,800
2003 award	15	2003 to 2005	2,527,200	0 to 5,054,400
2004 award	15	2004 to 2006	2,492,100	0 to 4,984,200
			6,836,700	0 to 13,673,400
Raffles Holdings Limited				
2002 award	4	2002 to 2004	2,266,188	0 to 4,532,376
2003 award	3	2003 to 2005	1,807,533	0 to 3,615,066
2004 award	4	2004 to 2006	1,811,323	0 to 3,622,646
			5,885,044	0 to 11,770,088
The Ascott Group Limited				
2002 award	3	2002 to 2004	1,500,000	0 to 3,000,000
2003 award	2	2003 to 2005	700,000	0 to 1,400,000
2004 award	3	2004 to 2006	1,200,000	0 to 2,400,000
			3,400,000	0 to 6,800,000

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 2004, 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;
- 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 five times in 2004. 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.

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

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

Auditors

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

On behalf of the Board of Directors



DR HU TSU TAU
Director



LIEW MUN LEONG
Director

Singapore
28 February 2005

In our opinion:

- (a) the financial statements set out on pages 116 to 188 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 2004 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



DR HU TSU TAU
Director



LIEW MUN LEONG
Director

Singapore
28 February 2005

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2004 as set out on pages 116 to 188. 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 2004 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 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.

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten font.

KPMG
Certified Public Accountants

Singapore
28 February 2005

	Note	The Group 2004 \$'000	2003* \$'000	The Company 2004 \$'000	2003 \$'000
Non-Current Assets					
Property, Plant and Equipment	3	1,379,624	1,318,015	1,433	1,487
Intangible Assets	4	64,669	36,141	-	-
Investment Properties	5	4,237,498	6,583,170	-	-
Properties Under Development	6	164,124	156,635	-	-
Interests in Subsidiaries	7	-	-	4,873,383	7,430,563
Interests in Associates	8	2,642,689	1,741,210	-	-
Interests in Joint Ventures	9	1,051,678	1,268,477	-	-
Interests in Partnerships	10	64,245	51,241	-	-
Financial Assets	11	132,709	193,061	-	-
Deferred Tax Assets	38	38,284	16,797	-	-
Other Non-Current Assets	12	38,490	37,771	213	228
		9,814,010	11,402,518	4,875,029	7,432,278
Current Assets					
Development Properties for Sale	13	4,062,370	3,876,317	-	-
Consumable Stock		14,445	14,752	-	-
Trade and Other Receivables	14	1,415,355	946,334	762,954	624,290
Financial Assets	11	3,737	158,416	-	-
Cash and Cash Equivalents	19	1,917,722	1,476,486	904,970	492,719
		7,413,629	6,472,305	1,667,924	1,117,009
Less: Current Liabilities					
Bank Overdrafts	19	12,891	720	-	-
Trade and Other Payables	20	1,994,910	1,625,002	240,233	69,787
Short Term Loans	27	916,036	1,051,868	372,074	366,729
Current Portion of Term Loans	28	713,616	593,648	-	57,800
Current Portion of Debt Securities	29	723,480	1,129,061	520,927	551,500
Current Portion of Finance Leases	30	3,376	-	-	-
Provision for Taxation		197,612	196,505	-	-
		4,561,921	4,596,804	1,133,234	1,045,816
Net Current Assets		2,851,708	1,875,501	534,690	71,193
Less: Non-Current Liabilities					
Term Loans	28	3,388,057	3,399,964	220,554	212,850
Debt Securities	29	1,442,778	1,455,848	263,000	678,710
Finance Leases	30	53,652	-	-	-
Deferred Tax Liabilities	38	73,386	85,495	1,061	4,244
Deferred Income	31	32,011	22,965	-	-
Other Non-Current Liabilities	25	229,913	273,415	800,954	1,712,801
		5,219,797	5,237,687	1,285,569	2,608,605
Net Assets		7,445,921	8,040,332	4,124,150	4,894,866
Representing:					
Share Capital	33	2,524,795	2,517,350	2,524,795	2,517,350
Reserves	34	2,857,699	3,547,829	1,599,355	2,377,516
Share Capital and Reserves		5,382,494	6,065,179	4,124,150	4,894,866
Minority Interests	35	2,063,427	1,975,153	-	-
		7,445,921	8,040,332	4,124,150	4,894,866

* Please refer to note 52

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

Profit and Loss Accounts for the year ended 31 December 2004

	Note	The Group 2004 \$'000	2003* \$'000	The Company 2004 \$'000	2003* \$'000
Revenue	36	3,803,502	3,650,852	142,100	111,785
Cost of sales	37(c)(i)	(2,662,185)	(2,626,908)	-	-
Gross profit		1,141,317	1,023,944	142,100	111,785
Other operating income	37(a)	346,573	236,233	182,029	62,088
Administrative expenses	37(c) (ii)	(528,890)	(554,489)	(34,632)	(40,085)
Other operating expenses	37(c)(iii)	(214,411)	(173,231)	(61)	6,807
Profit from operations		744,589	532,457	289,436	140,595
Finance costs	37(f)	(272,075)	(240,767)	(96,253)	(102,892)
Share of results of:					
– associates		85,955	84,022	-	-
– joint ventures		66,739	(20,167)	-	-
– partnerships		4,541	(7,318)	-	-
		157,235	56,537	-	-
Profit before taxation	37	629,749	348,227	193,183	37,703
Taxation	38	(153,078)	(148,313)	(4,761)	(7,317)
Profit after taxation		476,671	199,914	188,422	30,386
Minority interests		(163,639)	(97,316)	-	-
Net profit attributable to shareholders		313,032	102,598	188,422	30,386
Basic earnings per share (cents)	39	12.4	4.1		
Fully diluted earnings per share (cents)	39	12.2	4.1		

* Please refer to note 52

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

	Note	The Group 2004 \$'000	2003* \$'000	The Company 2004 \$'000	2003 \$'000
Share Capital					
At 1 January		2,517,350	2,517,350	2,517,350	2,517,350
Issue of shares under share option scheme		7,445	-	7,445	-
At 31 December		2,524,795	2,517,350	2,524,795	2,517,350
Share Premium					
At 1 January		3,429,376	3,429,376	2,161,144	2,161,144
Issue of shares under share option scheme		1,283	-	1,283	-
Capital reduction and distribution in specie	34	(885,836)	-	(885,836)	-
At 31 December		2,544,823	3,429,376	1,276,591	2,161,144
Capital Reserve					
At 1 January		101,834	121,078	30,381	30,381
Transfer to accumulated profits/(losses)		(5,869)	(19,275)	-	-
Others		(15)	31	-	-
At 31 December		95,950	101,834	30,381	30,381
Capital Redemption Reserve					
At 1 January		3,908	3,867	313	313
Transfer from accumulated profits/(losses) on redemption of redeemable preference shares by subsidiaries and jointly-controlled entities		-	41	-	-
Transfer to profit and loss account on disposal of subsidiaries		(788)	-	-	-
At 31 December		3,120	3,908	313	313
Revaluation Reserve					
At 1 January		89,839	82,683	-	-
Net deficit on revaluation of investment properties/properties under development		(124,551)	(92,123)	-	-
Realisation of revaluation deficit/(reserve) transferred to profit and loss account		3,899	(13,434)	-	-
Share of associates and joint ventures' revaluation surplus/(deficit)		30,013	(49,068)	-	-
Net deficit on revaluation of investment properties/properties under development charged to profit and loss account		56,368	161,781	-	-
At 31 December		55,568	89,839	-	-
Foreign Currency Translation Reserve					
At 1 January, as previously reported		8,864	(23,191)	-	-
Effect of change in accounting policy	40(b)	(1,852)	(127)	-	-
At 1 January, restated		7,012	(23,318)	-	-
Exchange differences arising on – consolidation of foreign entities and translation of foreign currency loans		(25,801)	38,923	-	-
– transfer to profit and loss account on dilution/disposal of subsidiaries and associates		(2,604)	(8,593)	-	-
At 31 December		(21,393)	7,012	-	-

	Note	The Group 2004 \$'000	2003* \$'000	The Company 2004 \$'000	2003 \$'000
Reserve on Consolidation					
At 1 January		(12,281)	15,355	-	-
Transfer to profit and loss account on disposal of subsidiaries/discontinuance of business		-	(27,636)	-	-
Transfer to accumulated profits/(losses) on adoption of FRS-103	40(a)	12,281	-	-	-
At 31 December		-	(12,281)	-	-
Accumulated Profits/(Losses)					
At 1 January, as previously reported		(61,311)	(85,296)	185,678	253,469
Effect of change in accounting policy	40(b)	(10,548)	(7,892)	-	-
At 1 January, restated		(71,859)	(93,188)	185,678	253,469
Net profit for the year, restated	40(c)	313,032	102,598	188,422	30,386
Transfer from negative goodwill previously recognised in intangible assets and interests in joint ventures on adoption of FRS-103	40(a)	26,900	-	-	-
Transfer from reserve on consolidation on adoption of FRS-103	40(a)	(12,281)	-	-	-
Dividends paid	41	(80,614)	(98,177)	(80,614)	(98,177)
Disposal/Dilution of interest in subsidiary		-	(2,326)	-	-
Transfer from capital reserve		5,869	19,275	-	-
Transfer to capital redemption reserve		-	(41)	-	-
Expenses in connection with capital reduction and distribution in specie		(1,416)	-	(1,416)	-
At 31 December		179,631	(71,859)	292,070	185,678
Total capital and reserves		5,382,494	6,065,179	4,124,150	4,894,866

* Please refer to note 52

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

	2004 \$'000	2003* \$'000
Operating activities		
Profit from ordinary activities before taxation	629,749	348,227
Adjustments for:		
Amortisation and impairment/(write-back) of:		
- intangible assets	4,991	(4,653)
- leasehold investment property	527	124
Negative goodwill on acquisition	(44,974)	-
(Write-back)/Allowance for:		
- foreseeable losses on development properties for sale	(32,823)	28,394
- loans to associates, joint ventures, partnerships and investee companies	11,853	(522)
- non-current portion of financial assets	40,837	(886)
Non-current employee benefits	4,606	2,909
Depreciation of property, plant and equipment	89,740	91,083
Loss/(Gain) on disposal/write off of property, plant and equipment	3,860	(1,048)
Impairment of property, plant and equipment	-	853
Gain on disposal of investment properties	(108,770)	(6,139)
Write down in value of investment properties and properties under development	17,946	152,142
Gain on disposal of non-current financial assets	(1,469)	(436)
Loss/(Gain) on disposal/dilution of subsidiaries, associates and joint ventures	110,686	(67,355)
Share of results of associates, joint ventures and partnerships	(157,235)	(56,537)
Transfer of reserve on consolidation to the profit and loss account arising from cessation of business of subsidiaries	-	(29,051)
Accretion of deferred income	(5,357)	(4,184)
Interest expense	272,075	240,767
Interest income	(83,913)	(72,868)
	122,580	272,593
Operating profit before working capital changes	752,329	620,820
(Increase)/Decrease in working capital:		
Inventories, trade and other receivables	(413,783)	(160,954)
Development properties for sale	49,641	(105,791)
Trade and other payables	40,431	461,628
Amount due from related corporations	122	455
Financial assets	143,190	11,291
Changes in working capital	(180,399)	206,629
Cash generated from operations	571,930	827,449
Income tax paid	(166,199)	(114,003)
Customer deposits and other non-current payables refunded	(3,359)	(19,162)
Net cash generated from operating activities carried forward	402,372	694,284

	Note	2004 \$'000	2003* \$'000
Net cash generated from operating activities brought forward		402,372	694,284
Investing activities			
Proceeds from disposal of property, plant and equipment		9,439	39,527
Purchase of property, plant and equipment		(49,726)	(53,130)
Increase in associates, joint ventures and partnerships		(338,597)	(368,829)
(Increase)/Decrease in amounts owing by investee companies and other non-current receivables		1,859	(30,146)
Acquisition of investment properties and properties under development		(63,536)	(132,805)
Proceeds from disposal of investment properties and properties under development		1,083,267	37,926
Proceeds from disposal of non-current financial assets		36,879	4,576
Dividends received from associates, joint ventures and partnerships		56,571	69,473
Acquisition of remaining interest in a subsidiary		-	(53,150)
(Acquisition)/Disposal of subsidiaries (net)	42	(162,395)	60,894
Interest income received		67,830	63,823
Net cash generated from/(used in) investing activities		641,591	(361,841)
Financing activities			
Proceeds from issue of shares under share option plan		8,728	-
Repayment of loans from related corporations		(714)	(26,647)
Proceeds from/(Repayment of) loans from minority shareholders		41,830	(69,739)
Contribution from minority shareholders		34,256	134,425
Proceeds from sales of future receivables		257,643	33,509
Proceeds from term loans		1,819,226	2,380,685
Repayment of term loans		(1,788,400)	(1,473,379)
Proceeds from debt securities		424,468	794,334
Repayment of debt securities		(858,597)	(1,271,750)
Dividends paid to minority shareholders		(156,999)	(61,185)
Dividends paid to shareholders		(80,614)	(98,177)
Interest expense paid		(316,843)	(292,961)
Net cash (used in)/generated from financing activities		(616,016)	49,115
Net increase in Cash and Cash Equivalents		427,947	381,558
Cash and Cash Equivalents at beginning of the year		1,475,766	1,083,645
Effect of Exchange Rate Changes on Cash Balances Held in Foreign Currencies		1,118	10,563
Cash and Cash Equivalents at end of the year	19	1,904,831	1,475,766

* Please refer to note 52

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 February 2005.

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 47 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 associates, 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, 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 statements have been prepared in compliance with the same accounting policies and methods of computation adopted in the financial statements of the last financial year, except for new FRS 103 – Business Combinations, revised FRS 36 – Impairment of Assets and revised FRS 38 – Intangible Assets, which have been adopted by the Group from 1 January 2004 on a prospective basis as detailed in note 40.

(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) Business combinations

With effect from 1 January 2004, all business combinations are accounted for by applying the purchase method. For acquisition of subsidiaries prior to 1 January 2004 which previously met the criteria for merger of businesses such that the assets and liabilities and results are accounted for under the pooling of interests method, the classification and accounting treatment of these business combinations have not been reconsidered or restated in preparing the Group's financial statements.

For acquisition of subsidiaries which are accounted for under 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 [see accounting policy (f)].

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses.

2 Summary of Significant Accounting Policies (cont'd)

(c) Basis of consolidation (cont'd)

(iii) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iv) Joint ventures

Jointly-controlled entities

A jointly-controlled entity is an entity over whose activities the Group has joint control established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly-controlled entities on an equity accounting basis, from the date that joint control commences until the date that joint control ceases.

Jointly-controlled operations

A jointly-controlled 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 jointly-controlled 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.

(v) Partnerships

A partnership is one where the Group has an interest and share in the profit or loss and the net assets of the partnership. The consolidated financial statements include the Group's share of the post-acquisition retained profits and reserves of the partnership from the date that the partnership was acquired until the date that the Group's interest in the partnership ceases.

(vi) Transactions eliminated on consolidation

Intragroup balances and any significant unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Significant unrealised gains arising from transactions with associates, jointly-controlled entities and partnerships are eliminated to the extent of the Group's interest in the entity. Significant unrealised losses are eliminated in the same ways as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Accounting for associates, joint ventures and partnerships

In the Company's balance sheet, investments in associates, joint ventures and partnerships are stated at cost less impairment losses. In the Company's profit and loss account, the results from these entities are included to the extent of dividends received and receivable, provided the Company's right to receive the dividend is established before the balance sheet date.

In the consolidated balance sheet, the Group's share of post-acquisition retained profits and reserves are included under interests in associates, joint ventures and partnerships respectively. In the consolidated profit and loss account, the Group's share of results from associates, joint ventures and partnerships are equity accounted using their 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.

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	–	period of land lease but capped at a maximum of 100 years
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.

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. Goodwill is allocated to cash-generating units and is no longer amortised with effect from 1 January 2004 but is tested annually for impairment [see accounting policy (j)]. In respect of associates and jointly-controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the associates or jointly-controlled entities.

In arriving at the gain or loss on disposal of an entity, the balance of goodwill relating to the entity disposed of, is included as part of the cost of the investment.

Goodwill on acquisitions of subsidiaries, associates and joint ventures that occurred prior to 1 January 2001 was written off against reserves and had not been retroactively capitalised and amortised.

(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. With effect from 1 January 2004, negative goodwill is recognised directly to profit or loss account.

Negative goodwill which occurred prior to 1 January 2004 had been transferred to accumulated profits.

(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.

(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.

2 Summary of Significant Accounting Policies (cont'd)**(h) Financial assets**

- (i) Debt and equity securities held for the long term are stated at cost less allowance for diminution in value which is 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.

(i) 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.

(j) Impairment

The carrying amounts of the Group's assets, other than investment property [see accounting policy (g)], development properties for sale [see accounting policy (i)] and deferred tax assets [see accounting policy (o)], 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. All impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allotted to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Goodwill is tested for impairment at least annually even though no indication of impairment existed.

(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.

(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.

An impairment loss in respect of goodwill is not reversed.

2 Summary of Significant Accounting Policies (cont'd)

(k) 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.

(l) 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.

(m) Borrowings

Borrowings are stated at their principal amounts. Transaction costs and upfront fees which are significant are accounted for as prepayments and charged to the profit and loss account over the tenure of the borrowings.

(n) Convertible bonds

Convertible bonds that can be converted to share capital where the number of shares issued does not vary with changes in the fair value of the bonds are accounted for as compound financial instruments. The gross proceeds from the bond issue are allocated separately between the liability component which represents the fair value of the financial liability and equity component which represents the implied fair value of the conversion rights.

(o) 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.

Deferred tax is provided on taxable temporary differences arising on investments in subsidiaries, associates, joint ventures and partnerships, 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.

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

Depending on the selling conditions associated with each development project, revenue is generally not recognised if the Group provides various guarantees and other financial support to the buyer ("continuing involvement") during the period of property development. Such continuing involvement by the Group would then require revenue to be deferred until the Group's continuing involvement ceases on completion of the property development.

(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.

(q) 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.

(r) 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.

(s) 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.

2 Summary of Significant Accounting Policies (cont'd)

(t) 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.

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, expenses and borrowings, as well as 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.

(u) 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	Note	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 2004		217,739	539,062	104,475	295,539	35,284	13,698	211,232	8,825	521,136	1,946,990
Translation difference		8,022	13,295	(992)	5,698	(2,053)	22	(490)	(69)	5,308	28,741
Additions		-	1,648	-	1,186	84	6,210	10,730	662	29,206	49,726
Assets of subsidiaries (disposed)/acquired		-	-	-	-	(168)	120	37,425	85	78,609	116,071
Disposals		-	(468)	-	-	-	(2,789)	(2,184)	(1,075)	(67,820)	(74,336)
Written off		-	(205)	-	-	-	(86)	(1,776)	-	(9,322)	(11,389)
Reclassification		6,049	4,139	-	-	485	(14,250)	(12,175)	-	15,752	-
Transfer from investment properties		4,656	40,680	-	-	-	-	-	-	-	45,336
At 31 December 2004		236,466	598,151	103,483	302,423	33,632	2,925	242,762	8,428	572,869	2,101,139

3 Property, Plant and Equipment (cont'd)

The Group	Note	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
Depreciation											
At 1 January 2004		-	44,054	8,474	78,461	32,761	-	113,569	6,884	344,772	628,975
Translation difference		-	889	43	569	(678)	-	(195)	(53)	1,407	1,982
Depreciation charge for the year	37(c)(ii)	-	9,982	1,015	4,803	653	-	18,192	1,064	54,031	89,740
Assets of subsidiaries (disposed)/acquired		-	-	-	-	(30)	-	25,799	60	47,415	73,244
Disposals		-	(4)	-	-	-	-	(1,791)	(981)	(62,589)	(65,365)
Written off		-	-	-	-	-	-	(772)	-	(6,289)	(7,061)
Reclassification		-	-	-	-	430	-	(3,705)	-	3,275	-
At 31 December 2004		-	54,921	9,532	83,833	33,136	-	151,097	6,974	382,022	721,515
Carrying amount											
At 31 December 2004		236,466	543,230	93,951	218,590	496	2,925	91,665	1,454	190,847	1,379,624
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

(i) At 31 December 2004, certain property, plant and equipment with carrying value totalling approximately \$689.6 million (2003: \$618.2 million) were mortgaged to banks to secure credit facilities for the Group (notes 27 and 28).

(ii) During the year, an "owner-occupied" overseas property was transferred to "property, plant and equipment" as a significant portion of the said property is occupied by subsidiaries of the Group.

The Company	Note	Plant, machinery and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost					
At 1 January 2004		3,157	3,419	526	7,102
Additions		140	814	268	1,222
Disposals		-	(1)	-	(1)
Written off		-	(58)	-	(58)
At 31 December 2004		3,297	4,174	794	8,265
Depreciation					
At 1 January 2004		3,030	2,227	358	5,615
Depreciation charge for the year	37(c)(ii)	84	1,047	145	1,276
Disposals		-	(1)	-	(1)
Written off		-	(58)	-	(58)
At 31 December 2004		3,114	3,215	503	6,832
Carrying amount					
At 31 December 2004		183	959	291	1,433
At 31 December 2003		127	1,192	168	1,487

4 Intangible Assets

The Group	Note	Goodwill on consolidation \$'000	Negative goodwill \$'000	Others \$'000	Total \$'000
Cost					
At 1 January 2004, as previously reported		47,179	(6,461)	1,507	42,225
Effect of adopting FRS-103	40(a)	(5,861)	6,461	-	600
At 1 January 2004, restated		41,318	-	1,507	42,825
Additions		-	-	2,416	2,416
Acquisitions through business combinations	42	24,560	-	406	24,966
Translation difference		(309)	-	(12)	(321)
At 31 December 2004		65,569	-	4,317	69,886
Accumulated amortisation and impairment losses					
At 1 January 2004, as previously reported		5,861	-	223	6,084
Effect of adopting FRS-103	40(a)	(5,861)	-	-	(5,861)
At 1 January 2004, restated		-	-	223	223
Amortisation charge for the year	37(c)(ii)	-	-	460	460
Impairment loss	37(c)(ii)	4,450	-	81	4,531
Translation difference		-	-	3	3
At 31 December 2004		4,450	-	767	5,217
Carrying amount					
At 31 December 2004		61,119	-	3,550	64,669
At 31 December 2003		41,318	(6,461)	1,284	36,141

Impairment testing for goodwill

The Group goodwill on consolidation has been allocated to the respective cash generating units ("CGU") for the purpose of annual impairment test as described below.

(a) Hotel management companies in USA and Switzerland (\$25,264,000)

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering a three-year period. The cash flow projections represent the management fee income less related costs which the hotel management companies will earn and these are based on past performance and expectations for these hotel management companies and hotel management industry in general.

The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long term average growth rate for the business in which the hotel management companies operate. The discount rate used is 8.4% which represents the weighted average cost of capital based on country risk.

(b) Serviced residences in Australia (\$4,872,000)

The recoverable amount of the CGU is determined using cash flow projections covering the remaining lease terms of those leased properties.

The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long term average growth rate for the business in which the CGU operates. The discount rate of 12.0% has been applied to the cash flow projections.

Based on the above assessment, an impairment loss of \$4.5 million was provided in the financial year ended 31 December 2004. The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

4 Intangible Assets (cont'd)**(c) Serviced residences management companies in Europe (\$24,560,000)**

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering the remaining terms of those management contracts. The cash flow projections represents the management fee income less related costs which the Group will earn and these are based on past experience and expectations for these management companies in general.

The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long term average growth rate for the business in which the CGU operates. The discount rate used is 7.0% and reflects specific risks relating to the CGU.

The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

5 Investment Properties

	Note	The Group 2004 \$'000	2003 \$'000
(a) Freehold investment properties, at valuation		695,409	1,708,543
Leasehold investment properties, at valuation		3,477,176	4,874,503
		4,172,585	6,583,046
Leasehold investment properties, at cost		67,414	2,021
Less:			
Accumulated amortisation:			
At 1 January		(1,897)	(1,773)
Amortisation charge for the year	37(c)(ii)	(527)	(124)
Translation difference		(77)	-
At 31 December		(2,501)	(1,897)
		64,913	124
		4,237,498	6,583,170

5 Investment Properties (cont'd)

- (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 2004
CB Richard Ellis Hotel Limited (United Kingdom)	November 2004
CB Richard Ellis Vietnam Limited	September 2004
CB Richard Ellis (V) Pty Ltd	October 2003
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	December 2004
Cuervo Appraiser Inc. (Philippines)	November 2003
DTZ Debenham Tie Leung	October/December 2004
FPD Savills Property Services (Shanghai) Co Ltd (China)	November 2004
FPD Savills (NSW) Pty Limited	October 2003
Jones Lang LaSalle Property Consultants Pte Ltd	October/November/December 2004
Knight Frank Pte Ltd	December 2004
M3 Property Pty Ltd	October 2005
PT Artanila Permai	October 2003
VPC Alliance (JB) Sdn Bhd	October 2004

- (c) At 31 December 2004, certain investment properties with carrying value totalling approximately \$1,129.3 million (2003: \$1,683.0 million) were mortgaged to banks to secure credit facilities for the Group (note 27 and 28).
- (d) Investment properties of the Group are held mainly for use by tenants under operating leases.
- (e) The value of investment properties of the Group held under finance lease at 31 December 2004 was \$64,913,000 (2003: Nil).

6 Properties Under Development

	2004 \$'000	The Group 2003 \$'000
Cost	229,853	224,141
Less:		
Allowance for anticipated valuation deficiencies on completion	(65,729)	(67,506)
	164,124	156,635

- (a) During the financial year, interest capitalised as cost of properties under development amounted to approximately \$513,802 (2003: \$79,000).
- (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 2004, the Group's share of the net carrying value of the proposed development was approximately \$109 million, comprising \$119 million land and related costs, and \$48 million development costs less impairment loss of \$58 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 during the year 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 2004 \$'000	2003 \$'000
(a) Unquoted shares, at cost		2,520,991	5,873,712
Less:			
Allowance for impairment loss		(54,312)	(54,312)
		2,466,679	5,819,400
Add:			
Amounts owing by subsidiaries:			
Loan accounts			
- interest free		19,465	713
- interest bearing		2,436,887	1,660,971
		2,456,352	1,661,684
Less:			
Allowance for doubtful receivables		(49,648)	(50,521)
		2,406,704	1,611,163
		4,873,383	7,430,563
Amounts owing by/(to) subsidiaries:			
Current accounts (mainly non-trade)			
- interest free	26	-	9
- interest bearing	26	42,787	595,225
		42,787	595,234
Current accounts (mainly non-trade)			
- interest free	26	-	(18)
- interest bearing	26	(7,043)	(45,203)
		(7,043)	(45,221)
Current loan accounts			
- interest free	26	716	-
- interest bearing	26	688,188	-
		688,904	-
Less:			
Allowance for doubtful receivables	26	(716)	-
		688,188	-
Current loan accounts			
- interest free	26	(87,119)	-
- interest bearing	26	(99,041)	-
		(186,160)	-
Non-current loan accounts			
- interest free	26	-	(527,723)
- interest bearing	26	(793,471)	(1,181,931)
		(793,471)	(1,709,654)

(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 non-current 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 0.65% to 6.13% (2003: 0.63% to 5.94%) per annum.

(c) Details of the subsidiaries are set out in note 47.

8 Interests in Associates

	Note	The Group 2004 \$'000	2003 \$'000
(a) Investment in associates		1,791,781	849,624
Amounts owing by associates:			
Loan accounts			
- interest free		411,857	427,480
- interest bearing		439,051	464,106
		850,908	891,586
		2,642,689	1,741,210
Amounts owing by/(to) associates:			
Current accounts			
- interest bearing (trade)		3,780	1,723
- interest free (non-trade)		30,945	51,379
- interest bearing (non-trade)		14,368	-
		49,093	53,102
Less:			
Allowance for doubtful receivables		(22,164)	(7,892)
	14	26,929	45,210
Current accounts			
- interest bearing (non-trade)		(2,326)	(4,779)
- interest free (non-trade)		(6,349)	(6,509)
	20	(8,675)	(11,288)
(b) Except for a secured loan detailed in (c) below, the balances with associates are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the non-current 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 15.81% (2003: 1.00% to 20.00%) per annum.			
(c) Of the loan accounts, there are approximately \$530.0 million (2003: \$549.1 million) subordinated to the repayment of borrowings of certain associates and approximately \$133.6 million (2003: \$133.6 million) secured by way of a charge on the associate's investment property.			
(d) Details of the associates are set out in note 48.			

9 Interests in Joint Ventures

	Note	2004 \$'000	The Group 2003 \$'000
(a) Jointly-Controlled Entities			
(i) Investment in jointly-controlled entities		440,708	642,294
Amounts owing by jointly-controlled entities:			
Loan accounts			
- interest free		354,613	389,230
- interest bearing		256,357	239,658
		610,970	628,888
Less:			
Allowance for doubtful receivables		-	(2,705)
		610,970	626,183
		1,051,678	1,268,477
Amounts owing by/(to) jointly-controlled entities:			
Current accounts (non-trade)			
- interest free		69,086	23,153
- interest bearing		93,174	60,745
	14	162,260	83,898
- interest free	20	(11,694)	(19,365)

(ii) The balances with jointly-controlled entities are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the non-current loan accounts to be repaid within the next 12 months. In respect of interest bearing loan and current accounts, interests are charged at 1.00% to 15.00% (2003: 1.81% to 12.00%) per annum. Loan accounts include an amount of approximately \$410.3 million (2003: \$439.1 million) which is subordinated to the repayment of borrowings of certain jointly-controlled entities.

(iii) Details of the jointly-controlled entities are set out in note 49.

(iv) Movements of negative goodwill previously included in investment in jointly-controlled entities are provided below:

	2004 \$'000	The Group 2003 \$'000
At beginning of the year	28,104	-
Fair value adjustments subsequent to acquisition	2,375	-
Acquisition of a jointly-controlled entities during the year	-	29,326
Accretion during the year	-	(1,165)
Translation adjustments	-	(57)
Transfer to accumulated profits on adoption of FRS-103	(30,479)	-
At end of the year	-	28,104

Previously, the accretion of goodwill was included in the share of results of jointly-controlled entities.

9 Interests in Joint Ventures (cont'd)

(a) Jointly-Controlled Entities (cont'd)

(v) The Group's share of the jointly-controlled entities' results and assets and liabilities are as follows:

	2004 \$'000	The Group 2003 \$'000
Balance sheet		
Investment properties	770,067	1,218,829
Properties under development	837,347	633,076
Other non-current assets	78,703	70,989
	1,686,117	1,922,894
Current assets	678,630	605,191
Less:		
Current liabilities	(511,359)	(306,046)
Net current assets	167,271	299,145
	1,853,388	2,222,039
Less:		
Non-current liabilities	(651,144)	(860,925)
	1,202,244	1,361,114
Profit and loss account		
Revenue	347,986	360,205
Expenses	(281,247)	(380,372)
Profit/(Loss) before taxation	66,739	(20,167)
Taxation	(6,367)	(4,013)
Profit/(Loss) after taxation	60,372	(24,180)

The Group's share of the capital commitments of the jointly-controlled entities is \$102.3 million (2003: \$129.8 million).

9 Interests in Joint Ventures (cont'd)

(b) Jointly-Controlled Operations

(i) Details of jointly-controlled 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.

(ii) Interests in jointly-controlled operations included in the financial statements are shown under the classifications below:

	2004 \$'000	The Group 2003 \$'000
Non-current assets		
Property, plant and equipment	11	12
Current assets		
Development properties for sale	5,187	11,353
Trade and other receivables	16,708	7,608
	21,895	18,961
Total assets	21,906	18,973
Less:		
Current liabilities		
Trade and other payables	(9,197)	(7,233)
Share of net assets employed in jointly-controlled operations	12,709	11,740
Share of profits from jointly-controlled operations	8,619	7,391

As at the balance sheet dates, there were no material commitments in relation to jointly-controlled operations.

10 Interests in Partnerships

	2004 \$'000	The Group 2003 \$'000
(a) Interest in partnership	63,805	51,065
Loan account – interest free	440	176
	64,245	51,241

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

	2004 \$'000	The Group 2003 \$'000
Balance sheet		
Investment properties	60,794	50,575
Other non-current assets	796	-
	61,590	50,575
Current assets	3,964	978
Less:		
Current liabilities	(1,309)	(312)
Net current assets	2,655	666
	64,245	51,241
Profit and loss account		
Revenue	1,597	30
Expenses	2,944	(7,348)
Profit/(Loss) before taxation	4,541	(7,318)
Taxation	-	-
Profit/(Loss) after taxation	4,541	(7,318)

(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

	Note	2004 \$'000	The Group 2003 \$'000
(a) Non-current financial assets			
Quoted shares, at cost less write down		62,445	67,024
Unquoted shares, at cost		75,859	111,588
Quoted debt securities, at cost		2,000	2,000
		140,304	180,612
Less:			
Allowance for impairment losses		(82,004)	(51,370)
		58,300	129,242
Amounts owing by investee companies:			
Loan accounts			
- interest free		45,871	34,426
- interest bearing	46(f)	48,621	49,476
		94,492	83,902
Less:			
Allowance for doubtful debts		(20,083)	(20,083)
		74,409	63,819
Total		132,709	193,061
Market value:			
Quoted shares		-	4,092
Quoted debt securities		1,985	2,000
(b) Current financial assets			
At cost:			
Quoted shares		4,067	4,658
Other unquoted investments		34	155,121
		4,101	159,779
Less:			
Allowance for impairment losses		(364)	(1,363)
		3,737	158,416
Market value:			
Quoted shares		4,062	3,284

(c) The non-current quoted shares include investment in Sea View Hotel Limited, which have been suspended from trading since 30 December 2003.

(d) The interest free 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, they bear interest from 1.00% to 6.00% (2003: 1.00% to 6.00%) per annum and are repayable from 2006 to 2014.

12 Other Non-Current Assets

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Club memberships	1,070	1,290	87	87
Loans to staff and a director of subsidiary				
- interest free	2,357	562	126	141
Loan and receivables owing from third parties				
- interest free	16,919	21,148	-	-
- interest bearing	18,144	14,771	-	-
	38,490	37,771	213	228

Interest bearing loans and receivables owing from third parties comprise two secured loans. The first loan bears interest from 4.11% to 4.55% (2003: Nil) per annum, has no fixed terms of repayment and is not repayable within the next 12 months. The second loan was a resultant of the extension and conversion of an existing unquoted debentures agreement and is repayable on 31 December 2009. This loan is secured over a freehold land in France and bears interest at 5.35% (2003: Nil) per annum during the year.

13 Development Properties for Sale

	The Group	
	2004 \$'000	2003 \$'000
(a) Properties in the course of development, at cost	4,776,745	5,016,334
Less:		
Allowance for foreseeable losses	(530,045)	(684,829)
	4,246,700	4,331,505
Add: Attributable profit	580,544	218,710
	4,827,244	4,550,215
Less: Progress billings	(950,384)	(847,205)
	3,876,860	3,703,010
(b) Completed units, at cost	252,095	222,778
Less:		
Allowance for foreseeable losses	(66,585)	(49,471)
	185,510	173,307
	4,062,370	3,876,317

13 Development Properties for Sale (cont'd)

- (c) During the financial year, there were the following interest and securitisation costs capitalised as cost of development properties for sale:

	Note	The Group 2004 \$'000	2003 \$'000
Interest and securitisation costs paid and payable	37(f)	86,257	70,856
Less:			
Interest received and receivable from fixed deposit project accounts	37(a)	(826)	(607)
		85,431	70,249

- (d) At 31 December 2004, certain development properties for sale amounting to approximately \$1,518.3 million (2003: \$1,595.2 million) were mortgaged to banks to secure credit facilities of the Group (notes 27 and 28).
- (e) At 31 December 2004, certain properties in Australia amounting to approximately A\$15.6 million (2003: A\$97.9 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).
- (f) At 31 December 2004, there were certain development properties for sale amounting to \$414.5 million (2003: \$254.7 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 2004 \$'000	2003 \$'000	The Company 2004 \$'000	2003 \$'000
Trade receivables	15	681,405	387,919	1	2
Accrued receivables	16	62,356	69,949	-	-
Other receivables, deposits and prepayments	17	390,032	338,072	31,978	29,054
Funds held in trust	18	21,156	19,497	-	-
Contract work-in-progress	24	9,262	-	-	-
Amounts owing by:					
- associates	8	26,929	45,210	-	-
- jointly-controlled entities	9	162,260	83,898	-	-
- related corporations	26	2,940	1,789	730,975	595,234
Loan to a third party		59,015	-	-	-
		1,415,355	946,334	762,954	624,290

At 31 December 2004, certain trade receivables and other receivables amounting approximately \$372.3 million (2003: \$233.0 million) and \$210.6 million (2003: \$104.5 million) respectively were mortgaged to banks to secure credit facilities of the Group (note 27).

The loan to a third party bears interest at 8.5% per annum and is secured by pledge of shares of a company not related to the Group.

15 Trade Receivables

	2004 \$'000	The Group 2003 \$'000	2004 \$'000	The Company 2003 \$'000
Trade receivables	705,814	413,582	1	2
Less:				
Allowance for doubtful receivables	(24,409)	(25,663)	-	-
	681,405	387,919	1	2

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

	2004 \$'000	The Group 2003 \$'000	2004 \$'000	The Company 2003 \$'000
Prepayments	26,592	33,636	862	3,399
Deposits	10,946	51,284	16	-
Other receivables	293,274	185,724	3,197	2,287
Less:				
Allowance for doubtful receivables	(17,747)	(14,625)	-	-
	275,527	171,099	3,197	2,287
Tax recoverables	76,967	82,053	27,903	23,368
	390,032	338,072	31,978	29,054

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.

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	2004 \$'000	The Group 2003 \$'000
Fixed deposits		13,335	13,438
Cash at banks		7,821	6,059
	20	21,156	19,497

Funds held in trust include an amount of \$788,000 (2003: \$890,000) held on behalf of related corporations.

19 Cash and Cash Equivalents

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Amounts held under "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on development projects	167,949	178,061	-	-
Fixed deposits	1,405,122	1,033,157	903,933	492,384
Cash at bank and in hand	344,651	265,268	1,037	335
	1,917,722	1,476,486	904,970	492,719
Bank overdrafts:				
- Secured	(7,054)	-	-	-
- Unsecured	(5,837)	(720)	-	-
	(12,891)	(720)	-	-
Cash and cash equivalents in the statement of cash flows	1,904,831	1,475,766	904,970	492,719

- (a) Amounts held under "Project Account Rules – 1997 Ed" of \$92.0 million (2003: \$106.3 million) were pledged as securities for the term loans (note 28).
- (b) Fixed deposits of \$18.5 million (2003: \$21.8 million) were pledged as securities for the term loans (note 28).
- (c) At 31 December 2004, there was a charge over all monies from time to time standing to the credit of the project accounts amounting to \$41.1 million (2003: \$1.9 million) in respect of certain development properties for sale whose future receivables were sold (note 25).

20 Trade and Other Payables

		The Group		The Company	
	Note	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade payables		108,562	222,270	287	267
Accruals	21	654,738	488,042	37,399	23,696
Other payables	22	801,325	710,049	11	11
Rental and other deposits	23	55,460	72,542	2	2
Funds held in trust	18	21,156	19,497	-	-
Contract work-in-progress	24	-	29,291	-	-
Provisions	25(a)	34,947	37,890	-	-
Liability for employee benefits	32	17,141	8,959	4,518	590
Amounts owing to:					
- associates	8	8,675	11,288	-	-
- jointly-controlled entities	9	11,694	19,365	-	-
- related corporations	26	6,176	5,809	198,016	45,221
Proceeds from sale of future receivables	25(b)	275,036	-	-	-
		1,994,910	1,625,002	240,233	69,787

21 Accruals

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

22 Other Payables

Other payables include the following:

- (a) A\$10.0 million (2003: A\$85.8 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.
- (b) An advance payment of A\$320.4 million (2003: A\$263.5 million) was received and this relates to the sale of commercial properties under development in which the Group provided various forms of guarantee and other financial support during the course of property development as set out in note 44(f).
- (c) 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 approximately \$260,000 (2003: \$1.6 million) received from related corporations.

24 Contract Work-in-Progress

	2004 \$'000	The Group 2003 \$'000
Cost incurred and provided for	213,752	99,585
Less:		
Allowance for anticipated losses	(6,363)	(6,363)
	207,389	93,222
Less:		
Progress payments received and receivable	(198,127)	(122,513)
Work-in-progress/(Progress billings in excess of work-in-progress)	9,262	(29,291)

25 Other Non-Current Liabilities

	Note	2004 \$'000	The Group 2003 \$'000	2004 \$'000	The Company 2003 \$'000
Amounts owing to related corporations	26	-	-	793,471	1,709,654
Liability for employee benefits	32	11,531	6,925	7,483	3,147
Customer deposits and other non-current payables		18,065	50,460	-	-
Provisions	25(a)	9,625	12,917	-	-
Proceeds from sale of future receivables	25(b)	190,692	203,113	-	-
		229,913	273,415	800,954	1,712,801

The other non-current payables include an amount of A\$5.6 million (2003: A\$12.2 million) owing to land vendors on terms similar to those described in note 22(a).

25 Other Non-Current Liabilities (cont'd)

(a) Movements in provisions are as follows:

	Income support and profit warranty \$'000
Balance as at 1 January 2004	50,807
Provision made during the year	7,916
Provision utilised during the year	(14,151)
Balance as at 31 December 2004	44,572

	Note	2004 \$'000	The Group 2003 \$'000
Current	20	34,947	37,890
Non-current		9,625	12,917
		44,572	50,807

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 \$465.7 million (2003: \$203.1 million).

	Note	2004 \$'000	The Group 2003 \$'000
Current	20	275,036	-
Non-current		190,692	203,113
		465,728	203,113

The terms of the arrangement for the sale of future receivables include:

- (i) a fixed and floating charge over assets of the subsidiaries undertaking 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 accruing to the subsidiaries under the contracts for sale entered into with buyers of units 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 Owning by/(to) Related Corporations

	Note	The Group		The Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current					
Amounts owing by:					
Current accounts					
- Subsidiaries					
- mainly non-trade					
- interest free	7	-	-	-	9
- interest bearing	7	-	-	42,787	595,225
- current loan					
- interest free	7	-	-	716	-
- interest bearing	7	-	-	688,188	-
Less:					
Allowance for doubtful receivables	7	-	-	688,904 (716)	-
		-	-	688,188	-
- Other related corporations					
- trade					
- interest free		2,940	1,789	-	-
	14	2,940	1,789	730,975	595,234
Amounts owing (to):					
Current accounts					
- Subsidiaries					
- mainly non-trade					
- interest free	7	-	-	-	(18)
- interest bearing	7	-	-	(7,043)	(45,203)
- current loan					
- interest free	7	-	-	(87,119)	-
- interest bearing	7	-	-	(99,041)	-
- Other related corporations					
- trade					
- interest free		-	(190)	(4,813)	-
- interest bearing		(5,200)	-	-	-
- non-trade					
- interest free		(976)	(5,619)	-	-
	20	(6,176)	(5,809)	(198,016)	(45,221)
Non-current					
Amounts owing (to):					
Loan accounts					
- Subsidiaries					
- interest free	7	-	-	-	(527,723)
- interest bearing	7	-	-	(793,471)	(1,181,931)
	25	-	-	(793,471)	(1,709,654)

- (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 non-current loan balances to be repaid within the next 12 months.
- (b) Since 31 December 2004, the immediate company was changed from Singapore Technologies Pte Ltd to Temasek Holdings (Private) Limited. Both companies were incorporated in the Republic of Singapore. Temasek Holdings (Private) Limited is also the ultimate holding company.

27 Short Term Loans

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Short term loans				
- secured	138,004	111,004	-	-
- unsecured	778,032	940,864	372,074	366,729
	916,036	1,051,868	372,074	366,729

The secured short term loans bear interests ranging from 1.45% to 6.70% (2003: 1.14% to 7.21%) per annum 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.

28 Term Loans

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Term loans				
- secured	1,881,714	2,064,455	-	-
- unsecured	2,219,959	1,929,157	220,554	270,650
	4,101,673	3,993,612	220,554	270,650
Repayable:				
- within 1 year	713,616	593,648	-	57,800
- after 1 year	3,388,057	3,399,964	220,554	212,850
	4,101,673	3,993,612	220,554	270,650

(i) Secured Term Loans

These comprise loans repayable:

	The Group	
	2004 \$'000	2003 \$'000
Within 1 year	360,807	464,898
From 1 to 2 years	249,940	937,862
From 2 to 5 years	1,270,967	661,695
After 1 year	1,520,907	1,599,557
	1,881,714	2,064,455

28 Term Loans (cont'd)

(i) Secured Term Loans (cont'd)

The secured term loans bear interests ranging from 1.04% to 8.29% (2003: 1.13% to 9.15%) per annum. Details of the secured term loans as at 31 December 2004 are as follows:

- (a) 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 ranging from 3.95% to 3.98% (2003: 3.98% to 4.00%) 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.
- (b) A bank loan of HK\$300 million (2003: HK\$370 million) equivalent to \$65 million (2003: \$83 million) secured by a mortgage over an investment property of a borrowing subsidiary. The loan bears interest ranging from 1.04% to 1.91% (2003: 1.98% to 2.35%) per annum. The loan will be repaid on 30 November 2005.
- (c) Subsidiary, Australand Holdings Limited ("AHL"), maintains a 2-year evergreen facility amounting to A\$600 million, consisting of a working capital limit of A\$550 million and a performance guarantee limit of A\$50 million. The working capital limit can be drawn as cash or financial guarantees. The facility is secured by fixed and floating charges over the assets of AHL and its subsidiaries. The interest rate prevailing on 31 December 2004 was 6.80% (2003: 7.02%).
- (d) 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 subsidiaries;
 - pledge of fixed deposits; and
 - assignments of all rights, titles and benefits with respect to the properties.

(ii) Unsecured Term Loans

These comprise loans repayable:

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Within 1 year	352,809	128,750	-	57,800
From 1 to 2 years	1,255,333	356,687	220,554	-
From 2 to 5 years	611,817	1,443,720	-	212,850
After 1 year	1,867,150	1,800,407	220,554	212,850
	2,219,959	1,929,157	220,554	270,650

The unsecured term loans bear interests ranging from 0.56% to 6.49% (2003: 0.75% 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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Convertible bonds (unsecured)	375,177	360,710	375,177	360,710
Notes issued	2,533,745	2,868,745	757,750	1,400,000
Less:				
Notes purchased (but not cancelled)	(742,664)	(644,546)	(349,000)	(530,500)
Notes outstanding	1,791,081	2,224,199	408,750	869,500
	2,166,258	2,584,909	783,927	1,230,210
Secured notes	385,970	-	-	-
Unsecured notes	1,405,111	2,224,199	408,750	869,500
	1,791,081	2,224,199	408,750	869,500
Repayable:				
Within 1 year	723,480	1,129,061	520,927	551,500
From 1 to 2 years	310,308	562,710	137,500	440,710
From 2 to 5 years	952,470	713,138	125,500	238,000
After 5 years	180,000	180,000	-	-
After 1 year	1,442,778	1,455,848	263,000	678,710
	2,166,258	2,584,909	783,927	1,230,210

(a) Convertible Bonds (unsecured)

	Note	The Group and The Company	
		2004 \$'000	2003 \$'000
Face value of convertible bonds		380,000	380,000
Less:			
Bond discount			
Opening balance		19,290	33,757
Amortisation	37(f)	(14,467)	(14,467)
		4,823	19,290
At 31 December		375,177	360,710

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 \$1.9970 with effect from 15 May 2004 (previously \$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 holders 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

During the financial year, Australand Property Group ("APG") issued Commercial Mortgage-backed Securities ("CMBS") amounting to A\$315 million and which mature on 25 June 2009. Of the amount, A\$144 million was issued at a fixed interest rate and A\$171 million was issued at a floating rate. These notes are secured by a first ranking real property mortgage over specific investment properties and by a fixed and floating charge over some of the assets of APG. As at 31 December 2004, the interest rate on the CMBS was 6.43%.

29 Debt Securities (cont'd)

(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 0.63% to 7.88% (2003: 0.56% to 8.47%) per annum.

30 Finance Leases

At 31 December 2004, the Group had obligations under finance leases (2003: Nil) that are payable as follows:

The Group	Principal 2004 \$'000	Interest 2004 \$'000	Payments 2004 \$'000
Repayable within 1 year	3,376	1,969	5,345
Repayable after 1 year but within 5 years	15,730	6,472	22,202
Repayable after 5 years	37,922	5,751	43,673
	53,652	12,223	65,875
	57,028	14,192	71,220

31 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 project management services rendered to a joint venture company.

32 Employee Benefits

	Note	The Group		The Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Liability for short term accumulating compensated absences		6,251	6,282	64	269
Liability for long service leave entitlement		3,438	3,251	-	-
Liability for retirement gratuity		1,948	1,742	-	-
Liability for performance shares		10,878	3,257	8,749	2,125
Liability for staff incentive		6,157	1,352	3,188	1,343
		28,672	15,884	12,001	3,737
Current	20	17,141	8,959	4,518	590
Non-current	25	11,531	6,925	7,483	3,147
		28,672	15,884	12,001	3,737

32 Employee Benefits (cont'd)**(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 2004 comprises present value of obligations under the scheme of \$2,052,000 (2003: \$1,815,000), net of unrecognised past service cost of \$104,000 (2003: \$73,000). The amounts recognised in the income statement comprise current service costs of \$96,000 (2003: \$184,000), amortisation of past service costs of \$53,000 (2003: \$118,000) and interest cost of \$57,000 (2003: \$80,000).

The principal assumptions used were discount rate of 4.0% (2003: 4.0%) and future salary increases of 5.5% up to age 57 and 2.0% thereafter (2003: 5.5% up to age 57 and 2.0% thereafter).

(c) Performance shares

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

(d) Staff Incentive

This relates to other staff incentive payable which is connected with the Group's financial performance achieved over a period of time.

(e) 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 ("Committee") comprising Mr Peter Seah Lim Huat, Mr Hsuan Owyang, 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 ("Market Price"), or such higher price as may be determined by the Committee in its absolute discretion; or
 - A discount not exceeding 20% of the Market Price in respect of that option.
- (ii) The options vest between 1 year to 4 years from the grant date.
- (iii) The options granted expire after 5 or 10 years from the dates of the grant.

32 Employee Benefits (cont'd)

(e) Equity compensation benefits (cont'd)

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 1/1/2004	Options granted	Options exercised	Options cancelled/lapsed	Number of options outstanding at 31/12/2004	Options exercisable 1/1/2004	Options exercisable 31/12/2004	Exercise period
12/06/2000	2.10	1,798,590	-	-	-	1,798,590	1,348,943	1,798,590	13/06/2001 to 11/06/2005
12/06/2000	1.91	5,279,454	-	(45,554)	-	5,233,900	3,959,591	5,233,900	13/06/2001 to 11/06/2010
12/06/2000	1.91	496,497	-	(16,770)	-	479,727	372,372	479,727	13/06/2001 to 30/12/2006
24/11/2000	2.61	1,229,489	-	-	(1,229,489)	-	-	-	09/04/2000 to 07/04/2004
24/11/2000	1.79	2,003,200	-	(236,000)	(19,600)	1,747,600	1,502,400	1,747,600	14/04/2001 to 12/04/2010
24/11/2000	2.06	480,000	-	-	-	480,000	360,000	480,000	05/08/2001 to 03/08/2005
24/11/2000	1.88	1,152,100	-	(8,685)	-	1,143,415	864,075	1,143,415	05/08/2001 to 03/08/2010
24/11/2000	2.01	200,000	-	-	-	200,000	150,000	200,000	25/11/2001 to 23/11/2010
18/06/2001	2.02	2,170,000	-	-	(30,000)	2,140,000	1,085,000	1,605,000	19/06/2002 to 18/06/2006
18/06/2001	1.85	14,663,773	-	(342,305)	(1,587,900)	12,733,568	7,331,886	9,550,176	19/06/2002 to 18/06/2011
02/07/2001	1.84	100,000	-	-	-	100,000	50,000	75,000	03/07/2002 to 02/07/2011
31/12/2001	1.31	300,000	-	-	-	300,000	150,000	225,000	01/01/2003 to 31/12/2011
10/05/2002	1.32	1,590,000	-	(37,500)	(30,000)	1,522,500	397,500	742,500	11/05/2003 to 10/05/2007
10/05/2002	1.19	15,526,926	-	(3,356,692)	(1,292,460)	10,877,774	3,881,732	3,760,541	11/05/2003 to 10/05/2012
10/05/2002	1.19	626,000	-	(165,705)	(113,000)	347,295	156,500	347,295	11/05/2003 to 30/12/2006
28/02/2003	1.00	1,470,000	449,600	(108,560)	(13,200)	1,797,840	-	840,840	01/03/2004 to 28/02/2008
28/02/2003	1.00	17,330,280	3,830,578	(2,875,037)	(1,243,377)	17,042,444	-	1,937,845	01/03/2004 to 28/02/2013
28/02/2003	1.00	561,000	140,530	(98,245)	(58,195)	545,090	-	545,090	01/03/2004 to 30/12/2006
24/04/2003	1.00	305,000	73,200	-	-	378,200	-	94,550	25/04/2004 to 24/04/2013
29/08/2003	1.00	1,036,500	96,320	(154,530)	(364,990)	613,300	-	77,890	30/08/2004 to 29/08/2013
22/09/2003	1.00	100,000	6,000	-	-	106,000	-	26,500	23/09/2004 to 22/09/2013
27/02/2004	1.33	-	1,650,000	-	(160,000)	1,490,000	-	-	28/02/2005 to 27/02/2009
27/02/2004	1.20	-	21,783,220	-	(3,359,694)	18,423,526	-	-	28/02/2005 to 27/02/2014
27/02/2004	1.20	-	750,000	-	(117,000)	633,000	-	633,000	31/12/2004 to 30/12/2006
18/03/2004	1.14	-	60,000	-	-	60,000	-	-	19/03/2005 to 18/03/2014
27/08/2004	1.55	-	863,600	-	(261,800)	601,800	-	-	28/08/2005 to 27/08/2014
		68,418,809	29,703,048	(7,445,583)	(9,880,705)	80,795,569	21,609,999	31,544,459	

Of the outstanding options as at 31 December 2004, there were 9,177,210 (2003: 7,579,590) options held by the directors of the Company. This included 4,535,000 (2003: 3,527,000) options held by Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

In 2004, conditional awards of 2,492,100 (2003: 2,160,000) performance shares were granted to 15 executives of the Group, as well as additional 714,600 performance shares granted to adjust the 2002 and 2003 awards. During the year, there was a cancellation of 20,000 (2003: 290,000) performance shares. The total number of performance shares outstanding under conditional awards but not released at end 2004 was 6,836,700 (2003: 3,650,000).

On 11 May 2004, the Company distributed in specie of units in CapitaCommercial Trust to existing shareholders of the Company by way of a capital reduction. Correspondingly, the exercise prices of outstanding options granted under the Share Option Plan and the number of performance shares granted under the Performance Share Plan were adjusted to compensate for the drop in values of the said options and performance shares. In cases where it is not possible to fully adjust the exercise prices of share options due to the constraint of the par value, additional options were granted.

33 Share Capital

The authorised share capital of the Company as at 31 December 2004 and 31 December 2003 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 2004 was S\$2,524,795,481 (31 December 2003: S\$2,517,349,898) comprising 2,524,795,481 (31 December 2003: 2,517,349,898) Ordinary Shares of S\$1 each.

At the end of the financial year, there were 80,795,596 share options (2003: 68,418,809) and a maximum of 13,673,400 performance shares (2003: 7,300,000) 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 note 32(c) and (e).

There were also S\$380 million Convertible Bonds due 2007 which are convertible by holders into 190,285,428 new Ordinary Shares of S\$1 each in the capital of the Company at the adjusted conversion price of S\$1.9970 (with effect from 15 May 2004) for each new Ordinary Share (subject to adjustment in certain events) (note 29(a)).

34 Reserves

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Share premium	2,544,823	3,429,376	1,276,591	2,161,144
Capital reserve	95,950	101,834	30,381	30,381
Capital redemption reserve	3,120	3,908	313	313
Revaluation reserve	55,568	89,839	-	-
Foreign currency translation reserve	(21,393)	7,012	-	-
Reserve on consolidation	-	(12,281)	-	-
Accumulated profits/(losses)	179,631	(71,859)	292,070	185,678
	2,857,699	3,547,829	1,599,355	2,377,516

The Group and the Company

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50. During the year, an amount of \$885,836,000 was utilised to effect the capital reduction via the distribution in specie of units in CapitaCommercial Trust to shareholders of the company.

The capital reserve comprises mainly capital gains on disposal of properties, share of associates' capital reserve, as well as 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 associates and jointly-controlled entities' surpluses and deficits on revaluation of properties.

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 hedge the Group's net investments in foreign entities.

Following the Group's adoption of FRS 103 – Business Combinations during the year, the reserve on consolidation relating to the net excess of the fair values of the net assets over the purchase consideration in respect of subsidiaries, associates and jointly-controlled entities acquired prior to 1 January 2001 was transferred to accumulated profits/(losses).

35 Minority Interests

	Note	2004 \$'000	The Group 2003 \$'000
Share of net assets of subsidiaries		2,079,235	2,032,791
Amounts owing to/(by) minority shareholders (advances):			
- interest free		(82,725)	(144,307)
- interest bearing	46(f)	66,917	86,669
		2,063,427	1,975,153

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 0.88% to 7.62% (2003: 1.62% to 6.66%) per annum.

36 Revenue

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

	2004 \$'000	The Group 2003 \$'000	2004 \$'000	The Company 2003 \$'000
Commercial	604,889	743,778	-	-
Residential	2,065,176	2,045,532	-	-
Serviced residences	202,055	151,155	-	-
Hotels	728,448	576,234	-	-
Property, project and other management services	125,818	123,763	27,808	28,636
Others	118,478	61,194	-	-
Dividend income from subsidiaries	-	-	114,292	83,149
Inter-segment elimination	(41,362)	(50,804)	-	-
	3,803,502	3,650,852	142,100	111,785

- (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, as well as income from serviced residences 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.

37 Profit Before Taxation

Profit before taxation includes the following:

	Note	The Group 2004 \$'000	2003 \$'000	The Company 2004 \$'000	2003 \$'000
(a) Other operating income					
Interest income					
- fixed deposits		22,695	16,438	4,790	1,830
- subsidiaries		-	-	43,802	59,153
- associates, joint ventures and partnerships		57,007	54,365	-	-
- investee companies and others		5,037	2,672	-	-
- interest capitalised in development properties for sale	13(c)	(826)	(607)	-	-
		83,913	72,868	48,592	60,983
Dividend income from investments		47,933	17,273	-	-
Gain on disposal of property, plant and equipment		(468)	(2,474)	-	-
Gain on disposal/dilution/liquidation of subsidiaries and associates		-	96,406	132,790	977
Gain on foreign exchange		81	9,098	-	-
Profit on sale of leasehold investment properties		108,770	6,139	-	-
(b) Staff costs					
Wages and salaries		461,072	407,825	10,874	10,037
Contributions to defined contribution plans		34,186	36,976	786	785
Compensation cost of employees performance shares		7,622	2,158	6,625	1,466
Increase/(Decrease) in liability for short term accumulating compensated absences		994	(259)	(202)	(277)
Increase in liability for retirement gratuity		206	382	-	-
Increase in liability for long service leave entitlement		187	756	-	-
Staff benefits, training/development cost and others		57,722	51,933	843	892
		561,989	499,771	18,926	12,903
Less:					
Staff costs capitalised in development properties for sale		(69,019)	(38,127)	-	-
		492,970	461,644	18,926	12,903
Number of employees		10,668	10,332	114	85
(c) (i) Cost of sales					
(Write-back of)/Allowance for foreseeable losses on development properties		(32,823)	28,394	-	-

37 Profit Before Taxation (cont'd)

Profit before taxation includes the following:

	Note	The Group 2004 \$'000	2003 \$'000	The Company 2004 \$'000	2003 \$'000
(c) (ii) Administrative expenses					
Allowance for/(Write-back of) doubtful receivables		16,036	2,626	(157)	13,114
Amortisation of:					
- intangible assets	4	460	2,638	-	-
- leasehold investment properties	5(a)	527	124	-	-
Auditors' remuneration:					
- auditors of the Company		1,225	1,316	184	140
- other auditors		3,299	2,909	-	-
Non-audit fees:					
- auditors of the Company #		345	420	47	24
- other auditors		704	2,080	-	-
Depreciation of property, plant and equipment	3	89,740	91,083	1,276	1,119
Impairment loss made/ (reversed) on intangible assets	4	4,531	(6,126)	-	-
Negative goodwill on acquisition	40(a)	(44,974)	-	-	-
Operating lease expenses		117,717	85,562	1,234	1,094
(iii) Other operating expenses					
(Write-back of)/Allowance for diminution in value of:					
- current financial assets		(681)	4,730	-	4,788
- non-current financial assets		40,837	(886)	-	-
Impairment loss on property, plant and equipment		-	853	-	-
Loss on disposal/dilution/liquidation of subsidiaries and associates		110,686	-	-	-
Property, plant and equipment written off	3	4,328	1,426	-	1
Allowance made/(Write-back of) provisions	25(a)	7,916	(3,426)	-	-
Write-back of impairment loss for subsidiaries		-	-	-	(11,888)
Write down in value of investment properties and properties under development		17,946	152,142	-	-

During the year, a non-audit fee of \$75,000 was charged to accumulated profits/(losses) in connection with the capital reduction and distribution in specie exercise undertaken by the Company.

37 Profit Before Taxation (cont'd)**(d) Remuneration of directors and key management personnel**

The directors' remuneration of the Company for the financial year is \$2,740,028 (2003: \$2,686,309). This included the salary, bonus and other benefits amounting to \$1,482,177 (2003: \$1,505,565) 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:

Note	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Charged to profit and loss account	1,398	1,164	248	75
Included as cost of development properties for sale and property, plant and equipment	92	508	-	-
Charged to accumulated profits/(losses) for capital reduction and distribution in specie expenses	299	-	299	-

(f) Finance costs

Interest and securitisation costs paid and payable to:

- subsidiaries		-	-	15,173	21,840
- bank loans and overdrafts		247,347	174,694	24,966	29,630
- debt securities		76,816	108,953	21,762	31,406
Convertible bonds					
- interest expense		2,377	2,376	2,377	2,376
- amortisation of bond discount	29(a)	14,467	14,467	14,467	14,467
Others		17,839	11,212	17,508	3,173
Total borrowing costs		358,846	311,702	96,253	102,892
Less:					
Borrowing costs capitalised in:					
- properties under development	6(a)	(514)	(79)	-	-
- development properties for sale	13(c)	(86,257)	(70,856)	-	-
		(86,771)	(70,935)	-	-
		272,075	240,767	96,253	102,892

The finance costs have been capitalised at interest rates of 0.88% to 6.80% (2003: 0.81% to 8.47%) for properties under development and development properties for sale.

38 Taxation

(a) Deferred Taxation

The Group	At 1/1/2004 \$'000	Profit and loss account \$'000	Equity \$'000	Acquisition of subsidiary \$'000	Translation difference \$'000	At 31/12/2004 \$'000
Deferred tax liabilities						
Accelerated tax depreciation	16,938	(8,739)	-	5,824	1,460	15,483
Discounts on compound financial instruments	4,244	(3,183)	-	-	-	1,061
Accrued income and interest receivable	33,302	(4,295)	-	15	795	29,817
Claw-back of capital allowances of assets in investment properties	17,570	(234)	-	(5,606)	-	11,730
Properties recognised on percentage of completion	24,911	4,400	-	-	1,077	30,388
Revaluation gains/(deficits) arising from investment properties and business combinations	20,123	(1,363)	3,648	-	6	22,414
Unremitted foreign income	199	(199)	-	-	-	-
Others	5,512	(296)	-	484	(34)	5,666
Total	122,799	(13,909)	3,648	717	3,304	116,559
Deferred tax assets						
Unutilised tax losses	(11,758)	(1,858)	-	(8,478)	(244)	(22,338)
Unutilised capital allowances	(2,749)	(2,029)	-	-	2	(4,776)
Provisions and expenses	(34,676)	(13,449)	-	-	(1,122)	(49,247)
Others	(4,918)	681	-	-	(859)	(5,096)
Total	(54,101)	(16,655)	-	(8,478)	(2,223)	(81,457)

The Company	At 1/1/2004 \$'000	Profit and loss account \$'000	At 31/12/2004 \$'000
Deferred tax liabilities			
Discounts on compound financial instruments	4,244	(3,183)	1,061
Total	4,244	(3,183)	1,061

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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Deferred tax liabilities	73,386	85,495	1,061	4,244
Deferred tax assets	(38,284)	(16,797)	-	-
At 31 December	35,102	68,698	1,061	4,244

Deferred tax liabilities of \$3.9 million (2003: \$1.5 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 2004 amounted to \$31.4 million (2003: \$19.1 million).

38 Taxation (cont'd)

(b) Tax Charge

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current tax expense				
The Company and its subsidiaries				
- Based on current year's results	153,513	150,942	7,944	9,703
- (Over)/Under provision in respect of prior years	(129)	958	-	-
- Group relief	-	-	-	796
	153,384	151,900	7,944	10,499
Based on current year's results				
- Associates	23,891	10,415	-	-
- Jointly-controlled entities	6,367	4,013	-	-
	30,258	14,428	-	-
	183,642	166,328	7,944	10,499
Deferred tax expense				
The Company and its subsidiaries				
- Movements in temporary differences	(27,056)	(16,599)	(3,183)	(3,182)
- Reduction in tax rates	(2,407)	-	-	-
- Overprovision in respect of prior years	(1,101)	(1,416)	-	-
	(30,564)	(18,015)	(3,183)	(3,182)
	153,078	148,313	4,761	7,317

Reconciliation of effective tax rate

	2004 \$'000	2003 \$'000
The Group		
Profit before tax	629,749	348,227
Income tax using Singapore tax rate of 20% (2003: 22%)	125,950	76,610
Adjustments:		
Effect of reduction in tax rates on deferred tax	(2,407)	-
Tax rebate	(93)	(1,010)
Expenses not deductible for tax purposes	108,793	95,341
Income not subject to tax	(88,713)	(39,383)
Overprovision in respect of prior years	(1,230)	(458)
(Utilisation)/Effect of unrecognised tax losses and other deductible temporary differences	(23,092)	5,795
Effect of different tax rates in foreign jurisdictions	32,564	16,552
Capital allowance claimed for assets under investment properties	(2,314)	(7,954)
Amount of loss for which tax credit has not been recognised	7,442	796
Tax benefits received on losses arising from group relief	(7,442)	(796)
Others	3,620	2,820
	153,078	148,313
The Company		
Profit before tax	193,183	37,703
Income tax using Singapore tax rate of 20% (2003: 22%)	38,637	8,295
Adjustments:		
Expenses not deductible for tax purposes	5,997	2,435
Income not subject to tax	(39,873)	(3,413)
Consideration paid for losses transferred	-	796
Tax benefit received on losses arising from group relief	-	(796)
	4,761	7,317

38 Taxation (cont'd)

(b) Tax Charge (cont'd)

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

	2004 \$'000	The Group 2003 \$'000
Deductible temporary differences	472,714	539,389
Tax losses	511,640	560,347
Unutilised capital allowances	1,337	1,415
	985,691	1,101,151

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.

39 Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is based on:

	2004 \$'000	The Group 2003 \$'000
Net profit attributable to shareholders	313,032	102,598

	Number of shares (in thousand)	
Weighted average number of shares in issue during the year	2,520,289	2,517,350

(b) Fully diluted earnings per share

In calculating diluted earnings per share, the net profit attributable to shareholders and weighted average number of ordinary shares in issue during the year are adjusted for the effects of all dilutive potential ordinary shares:

	2004 \$'000	The Group 2003 \$'000
Net profit attributable to shareholders	313,032	102,598
Adjustment resulting from conversion of bonds	18,906	-
Adjusted net profit attributable to shareholders	331,938	102,598

	Number of shares (in thousand)	
Weighted average number of shares used in calculation of basic earnings per share	2,520,289	2,517,350
Number of ordinary shares resulting from conversion of bonds	190,285	-
Weighted average number of unissued shares under option	77,091	16,824
Number of shares that would have been issued at fair value	(59,935)	(11,155)
	207,441	5,669
Weighted average number of shares in issue (diluted)	2,727,730	2,523,019

40 Changes in Accounting Policies**(a) Adoption of new FRS 103 –Business Combinations, revised FRS 36 –Impairment of Assets and revised FRS 38 –Intangible Assets**

On 1 July 2004, the Council on Corporate Disclosure and Governance issued new FRS 103 Business Combinations ("FRS 103"), revised FRS 36 Impairment of Assets ("FRS 36") and revised FRS 38 Intangible Assets ("FRS 38"). Accordingly, FRS 22 Business Combinations was withdrawn. These 3 FRS are to be applied to the accounting for business combinations for annual periods beginning on or after 1 July 2004. Early adoption of the said standard is permitted. Accordingly, the Group has adopted these FRS with effect from 1 January 2004.

The impact on the Group's retained earnings and current year's net profit on adoption of these FRS are as follows:

- (i) Increase in retained earnings by \$14,619,000 caused by transfers of negative goodwill of \$26,900,000 previously recognised as part of "Intangible Assets" and "Interests in Joint Ventures" and net positive goodwill of \$12,281,000 previously charged to reserve on consolidation.
- (ii) Increase in current year's net profit by \$36,135,000 comprising:-
 - \$30,987,000 being the Group's share of negative goodwill (Gross: \$44,974,000) arising from current year's acquisition of the 50% equity interest in Orville Group SAS (see Note 42);
 - \$2,591,000 being cessation of goodwill amortisation from 1 January 2004; and
 - \$2,557,000 being non-recycling of goodwill previously written off to reserves on dilution of the Group's interest in a foreign subsidiary during the year.

(b) Revenue recognition policy for properties sold with continuing involvement

In applying the Group's revenue recognition policy for commercial properties under development sold with an element of continuing involvement in the form of various guarantees and other financial support provided to the buyers by Australand Property Group ("APG"), a subsidiary of the Group in Australia, the Group previously recognised income over the progress of the development so long as the cost of the guaranteed yield and other financial support could be reliably estimated and adequate provisions were made in the Group's financial statements to cover the guarantee exposure through the period of property construction.

As Australian companies will be adopting the Australian equivalents of the International Financial Reporting Standards ("IFRS") with effect from 1 January 2005, APG had undertaken a review of its existing accounting policies as part of its IFRS transition project.

Having received the guidance given in AASB 18 on Revenue issued by the Australian Accounting Standards Board (equivalent to IAS 18 on Revenue issued by International Accounting Standards Board), and having reviewed the conditions associated with the sale of APG's commercial properties sold with an element of continuing involvement, there is now clarity for APG and in turn, the Group, to recognise revenue only when continuing significant involvement ceases as it better reflects the timing of transfer of risks and rewards of ownership to the buyers.

Following this review, the Group retrospectively applied the deferment of revenue recognition for certain commercial properties sold by APG. The impact is:

– Current year's net profit	:	Increased by \$3,574,000
– Previous year's net profit	:	Decreased by \$2,656,000
– Opening retained earnings as at 1 January 2003	:	Decreased by \$7,892,000
– Opening retained earnings as at 1 January 2004	:	Decreased by \$10,548,000

40 Changes in Accounting Policies (cont'd)

(b) Revenue recognition policy for properties sold with continuing involvement (cont'd)

Arising from the said deferment of revenue recognition till cessation of significant involvement which will coincide with the practical completion of properties, certain balance sheet items as at 31 December 2003 have also been restated as follows:

	Restated \$'000	Previously Reported \$'000
Development properties for sale	3,876,317	3,552,375
Trade and other payables	1,625,002	1,361,502
Term loans	3,993,612	3,910,837
Foreign currency translation reserve	7,012	8,864

(c) Effect of changes in accounting policy

	2004 \$'000	The Group 2003 \$'000
Net profit before changes in accounting policies	273,323	105,254
Effect of adopting FRS 103	36,135	-
Revenue recognition policy for properties sold with continuing involvement	3,574	(2,656)
Net profit for the year, restated	313,032	102,598

41 Dividends

The directors proposed a first and final dividend of 5 cents and a special dividend of 1 cent per share less tax at 20%, amounting to a net dividend of \$121,190,183 based on number of issued shares as at 31 December 2004. The dividends have not been provided for and are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the previous financial year 2003, the directors proposed a first and final dividend of 4 cents per share less tax at 20%. The said dividend of \$80,614,321 has been paid in April 2004 upon the approval of shareholders.

42 Notes to the Consolidated Statement of Cash Flows

(a) Acquisition of subsidiaries

(i) The Orville Group

On 29 October 2004, the Group acquired the remaining 50% equity interest in Orville Group SAS for \$181.3 million, (including related acquisition costs of \$1.0 million), satisfied in cash. The Orville Group owns and manages a serviced residence and property portfolio under the "Citadines" brand.

In the 2 months to 31 December 2004, the subsidiary contributed net profit after tax of \$0.9 million to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2004, the Group revenue and net profits would have been increased by \$192.0 million and \$8.6 million respectively.

(ii) Acquisition of Australand Wholesale Property Trust No. 3 ("AWPT 3")

On 28 May 2004, the Australand Property Group acquired remaining units and control of AWPT 3 for A\$97.0 million, satisfied in cash. AWPT 3 owns certain commercial properties for investment.

In the 8 months to 31 December 2004, the subsidiary contributed net profit after tax of \$13.1 million to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2004, the Group revenue and net profits would have been increased by \$8.7 million and \$3.9 million respectively.

42 Notes to the Consolidated Statement of Cash Flows (cont'd)**(a) Acquisition of subsidiaries** (cont'd)**(iii) Acquisition of Australand Wholesale Property Trust ("AWPT") and Australand Wholesale Property Trust No. 2 ("AWPT 2")**

On 27 October 2003, Australand Holdings Limited, a subsidiary in Australia, entered into a stapling arrangement with Australand Property Trust to form a stapled entity to be known as Australand Property Group ("APG").

Subsequent to the formation, APG acquired control of AWPT and AWPT 2. The acquired entities contributed net profit of \$6.1 million to the Group in 2003.

(b) Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired are provided below.

The Group	Recognised values 2004 \$'000	Fair value adjustments 2004 \$'000	Carrying amount 2004 \$'000
Property, plant and equipment	45,881	-	45,881
Investment properties	763,586	410,384	1,173,970
Intangible assets	24,966	-	24,966
Non-current assets	9,006	-	9,006
Current assets	211,420	33,342	244,762
Current liabilities	(166,258)	-	(166,258)
Interest bearing liabilities	(604,756)	-	(604,756)
Minority interests	(38,111)	(19,358)	(57,469)
	245,734	424,368	670,102
Amounts previously accounted for as joint ventures and financial assets			(287,132)
Net assets acquired			382,970
Negative goodwill arising on consolidation			(44,974)
Purchase consideration			337,996
Less:			
Cash of subsidiaries acquired			(73,978)
Cash outflow on acquisition of subsidiaries			264,018
			Carrying amount 2003 \$'000
Investment properties			441,119
Current assets			6,685
Current liabilities			(3,701)
Interest bearing liabilities			(248,454)
			195,649
Previous equity interest at acquisition at fair value			(33,425)
Net assets acquired			162,224
Premium on acquisition written off			4,655
Purchase consideration			166,879
Less:			
Cash of subsidiaries acquired			(3,567)
Issuance of shares to acquire subsidiaries			(22,401)
Cash outflow on acquisition of subsidiaries			140,911

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

(c) Effects of disposals

During the year, the Group disposed of the following subsidiaries for a total consideration of \$140,100,000:

RE Properties Pte Ltd
 Capital Tower Pte Ltd
 Cuppage Centre Pte Ltd
 Robinson Point Pte Ltd
 Rochor Square Pte Ltd
 Golden Square Pte Ltd
 CapitaLand Market Street Pte Ltd
 PT Regency Laguna Jasamedika
 CapitaRetail LPM Tutei Mokuteki Kaisha
 Canary Riverside Estate Management Pte Ltd

The disposed subsidiaries previously contributed net profits of \$5.2 million for the year ended 31 December 2003 and \$19.1 million from 1 January 2004 to the respective date of disposal.

During 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.

The cash flow and the net assets of subsidiaries disposed are provided below.

	2004 \$'000	The Group 2003 \$'000
Property, plant and equipment	3,054	119,395
Investment properties	2,327,093	-
Current assets	61,851	13,350
Current liabilities	(89,017)	(2,178)
Interest bearing liabilities	(660,892)	-
Non-current liabilities	(19,550)	-
Minority interests	(1,125)	-
Net assets	1,621,414	130,567
Less:		
Equity interest retained as associates	(589,308)	-
Net assets disposed	1,032,106	130,567
Capital reduction via distribution in specie	(885,836)	-
Realisation of reserves	125,130	(16,880)
(Loss)/Gain on disposal of subsidiaries	(131,300)	46,374
Sale consideration	140,100	160,061
Less:		
Cash of subsidiaries disposed	(38,477)	(10,423)
	101,623	149,638
Add:		
Deferred sale consideration received in relation to previous year's disposal of subsidiaries	-	52,167
Cash inflow on disposal of subsidiaries	101,623	201,805
Net cash (outflow)/inflow on acquisition/disposal of subsidiaries	(162,395)	60,894

43 Commitments

As at the balance sheet dates, the Group and the Company had the following commitments:

(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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Lease payments payable:				
Within 1 year	96,923	88,902	1,197	1,077
From 1 to 5 years	376,881	338,299	613	1,630
After 5 years	403,838	500,347	-	-
	877,642	927,548	1,810	2,707

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

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Lease payments receivable:				
Within 1 year	122,720	226,611	-	-
From 1 to 5 years	324,345	304,080	-	-
After 5 years	230,766	374,498	-	-
	677,831	905,189	-	-

(b) Commitments

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Commitments in respect of:				
- capital expenditure contracted but not provided for in the financial statements	216,741	476,327	-	-
- capital expenditure authorised but not committed	48,432	46,608	-	-
	265,173	522,935	-	-
Commitments in respect of:				
- development expenditure contracted but not provided for in the financial statements	562,064	406,027	-	-
- development expenditure authorised but not committed	508,454	138,936	-	-
	1,335,691	1,067,898	-	-
Commitments in respect of:				
- capital contribution/acquisition of associates, joint ventures and investee companies	140,178	147,232	-	-
- shareholders' loan committed to associates, joint ventures and investee companies	6,761	-	-	-
- forward foreign exchange contracts	588,411	428,434	-	-
	2,071,041	1,643,564	-	-

43 Commitments (cont'd)

- (c) As at the balance sheet dates, the Group and the Company had entered into financial instruments with notional principal values as follows:

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Interest rate caps	400,457	31,889	-	-
Interest rate swaps	2,783,519	2,373,650	185,000	245,000
Cross currency swaps	61,265	59,125	-	-
Non delivery swaps	191,982	153,688	-	-
	3,437,223	2,618,352	185,000	245,000

The maturity dates of these financial instruments are:

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Within 1 year	641,124	650,985	100,000	60,000
From 1 to 2 years	991,399	575,875	-	100,000
From 2 to 5 years	1,682,170	1,226,905	85,000	-
After 5 years	122,530	164,587	-	85,000
	3,437,223	2,618,352	185,000	245,000

44 Contingent Liabilities (Unsecured)

	The Group		The Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(a) Guarantees and undertaking issued on behalf of:				
- subsidiaries	-	-	118,400	53,529
- associates	155,523	141,419	-	-
- jointly-controlled entities	11,356	129,597	-	494
- partnerships	-	5,913	-	-
Others	3,079	-	-	-
	169,958	276,929	118,400	54,023

- (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 (2003: \$300 million) bank loan granted to a jointly-controlled entity.
- (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 (2003: \$230 million) bank loan granted to certain associates. In addition, the subsidiary provided a cash cover undertaking of approximately \$0.7 million (2003: \$0.7 million) in respect of a bank guarantee for these associates.
- (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.

44 Contingent Liabilities (Unsecured) (cont'd)

- (e) Subsidiary, Australand Holdings Limited ("AHL"), entered into a rental support deed with the co-owners of Freshwater Commercial Tower, whereby AHL 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\$8.6 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 first half of 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 44(e)].

- (g) Subsidiary, CapitaLand Commercial and Integrated Development Limited ("CCID"), is exploring setting up a venture to invest in residential properties in Japan. Pending the establishment of the venture, properties identified as suitable to be injected into the venture are being acquired by a third party. The properties will be acquired by the venture when the portfolio size reaches an aggregate value of between JPY5 billion to JPY10 billion. CCID has provided a purchase guarantee to buy the properties from the third party in the event the properties are not acquired by the venture by 25 November 2005. At the balance sheet date, CCID has provided guarantee for properties worth JPY1.985 billion (approximately S\$30 million).

45 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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Subsidiaries				
Management fee income	-	-	27,808	28,636
Rental expense	-	-	(541)	(1,025)
Other Related Corporations				
Rental income	6,350	10,665	-	3
Management and agency fee income	5,446	1,020	-	-
Management consultancy services	(44)	(808)	(44)	(202)
Purchase of air-tickets, IT related services and others	(5,324)	(3,198)	(949)	(775)
Rooms, food and beverage and other incidental income	12,076	5,182	-	-
Immediate Holding Company*				
Management fee expense*	(5,687)	(7,250)	(5,687)	(7,250)
Rental income*	513	1,382	-	-
Ultimate Holding Company				
Rental income	948	3,307	-	-
Associates and Joint Ventures *				
Management fee income	58,894	31,276	-	-
Rental expense	(55,494)	(44,247)	(683)	(59)
Accounting service fee, marketing income and others	7,125	11,126	(54)	(32)
Construction and project management income	112,072	84,373	-	-
Directors and their associates				
Sale of a residential property	1,215	296	-	-
One-off payment pursuant to a subsidiary's retirement gratuity scheme given to a former Executive Director of the said subsidiary	-	2,319	-	-

* The management fee expense and rental income disclosed above relate to transactions with Singapore Technologies Pte Ltd, the previous immediate holding company. From 31 December 2004, the immediate holding company is Temasek Holdings (Private) Limited.

46 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.

46 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.

		2004					2003				
The Group	Note	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
Financial assets											
Interest bearing loans to:											
- associates	8	1.00 – 15.81	454,873	100,172	-	354,701	1.00 – 20.00	461,050	110,778	-	350,272
- jointly-controlled entities	9	1.00 – 15.00	349,531	239,734	-	109,797	1.81 – 12.00	300,403	195,717	-	104,686
- investee companies	11	4.50 – 6.00	48,621	1,680	11,027	35,914	1.00 – 6.00	49,476	2,340	7,462	39,674
- third parties	12, 14	4.11 – 8.50	77,159	59,015	13,008	5,136	8.75	14,771	-	14,771	-
Cash and cash equivalents		0.02 – 7.52	1,573,071	1,573,071	-	-	0.02 – 5.34	1,210,590	1,210,590	-	-
Total			2,503,255	1,973,672	24,035	505,548		2,036,290	1,519,425	22,233	494,632
Financial liabilities											
Bank overdraft	19	4.25 – 8.50	12,891	12,891	-	-	4.25	720	720	-	-
Short term loans:											
- fixed rate	27	2.19 – 3.85	9,550	9,550	-	-	1.35 – 4.70	135,041	135,041	-	-
- floating rate	27	0.47 – 6.70	906,486	906,486	-	-	0.48 – 7.21	916,827	916,827	-	-
- effect of interest rate swaps		-	-	-	-	-	4.01	-	(185,000)	100,000	85,000
Term loans:											
- fixed rate	28	0.87 – 4.35	771,542	119,271	652,271	-	0.87 – 4.75	747,128	86,795	660,333	-
- floating rate	28	0.82 – 8.29	3,330,131	3,330,131	-	-	0.75 – 9.15	3,246,484	3,246,484	-	-
- effect of interest rate swaps		(2.32) – 2.45	-	(1,931,978)	1,809,448	122,530	0.45	-	(2,066,335)	2,066,335	-
Debt securities:											
- fixed rate	29	0.63 – 7.88	1,677,292	596,349	900,943	180,000	0.63 – 8.47	1,953,086	660,376	1,112,710	180,000
- floating rate	29	0.81 – 3.50	488,966	488,966	-	-	0.75 – 2.52	631,823	631,823	-	-
- effect of interest rate swaps		0.48	-	(209,527)	209,527	-	-	-	-	-	-
Finance leases	30	3.54	57,028	3,376	15,730	37,922	-	-	-	-	-
Interest bearing loan from minority interest	35	0.88 – 7.62	66,917	66,917	-	-	1.62 – 6.66	86,669	86,669	-	-
Total			7,320,803	3,392,432	3,587,919	340,452		7,717,778	3,513,400	3,939,378	265,000

46 Financial Instruments (cont'd)

(f) Effective interest rates and repricing analysis (cont'd)

		2004					2003				
The Company	Note	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
Financial assets											
Fixed deposits	19	0.94 – 2.30	903,933	903,933	-	-	0.31 – 0.56	492,384	492,384	-	-
Interest bearing loan to subsidiaries	7	0.65 – 6.13	3,167,862	730,975	2,436,887	-	1.93 – 5.94	2,256,196	595,225	1,660,971	-
Total			4,071,795	1,634,908	2,436,887	-		2,748,580	1,087,609	1,660,971	-
Financial liabilities											
Unsecured short term loans:											
- fixed rate	27	-	-	-	-	-	1.35 – 1.68	88,000	88,000	-	-
- floating rate	27	0.47 – 3.52	372,074	372,074	-	-	1.20 – 1.55	278,729	278,729	-	-
- effect of interest rate swaps		-	-	-	-	-	4.01	-	(185,000)	100,000	85,000
Unsecured term loans:											
- floating rate loan	28	5.95 – 5.99	220,554	220,554	-	-	4.39 – 5.94	270,650	270,650	-	-
Debt securities											
- fixed rate	29	0.63 – 7.50	689,427	486,427	203,000	-	0.63 – 7.50	1,108,960	490,250	618,710	-
- floating rate	29	0.81 – 2.46	94,500	94,500	-	-	0.88 – 1.83	121,250	121,250	-	-
Interest bearing loan from subsidiaries	7	0.91 – 3.00	899,555	106,084	793,471	-	0.63 – 0.68	1,227,134	45,203	1,181,931	-
Total			2,276,110	1,279,639	996,471	-		3,094,723	1,109,082	1,900,641	85,000

(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 \$36.7 million (2003: \$34.3 million).

46 Financial Instruments (cont'd)

(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:

The Group	Note	Carrying amount 2004 \$'000	Fair value 2004 \$'000	Carrying amount 2003 \$'000	Fair value 2003 \$'000
Financial assets					
Quoted equity securities	11(a),(b)	12,862	13,222	57,408	56,919
Quoted debt securities	11(a)	2,000	1,985	2,000	2,000
		14,862	15,207	59,408	58,919
Financial liabilities					
Fixed rate long term liabilities					
- secured bank loans		551,318	556,702	384,586	388,279
- unsecured bank loans		100,953	100,625	275,747	273,912
- secured debt securities		176,443	176,454	-	-
- unsecured debt securities		904,500	948,554	1,292,710	1,321,066
		1,733,214	1,782,335	1,953,043	1,983,257
The Company					
Financial liabilities					
Fixed rate long term unsecured debt securities		203,000	221,446	618,710	654,309

The fair value of long term quoted securities is their quoted bid price at the balance sheet date. In respect of the Group's investment in Sea View Hotel Limited, whose shares have been suspended since 2003, the fair value was derived using the investment's net realisable value.

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 46(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 Financial Assets, 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 Financial Assets

The Group does not anticipate the carrying amounts recorded to be significantly in excess of their fair values at the balance sheet date.

(iv) Non-Current Loans Due from/to Subsidiaries, Associates, Jointly-Controlled Entities, Investee Companies, Third Parties and Minority Shareholders

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.

46 Financial Instruments (cont'd)**(h) Fair values** (cont'd)**(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 2004 \$'000	Net fair value (payable)/ receivable 2004 \$'000	Notional amount 2003 \$'000	Net fair value (payable)/ receivable 2003 \$'000
The Group					
Interest rate swap agreements		2,598,519	(24,484)	2,527,338	(24,583)
Cross currency swap	43(c)	61,265	(14,377)	59,125	(9,291)
Interest rate caps	43(c)	400,457	1,765	31,889	-
Non delivery swap agreements	43(c)	191,982	(9,197)	153,688	(12,754)
Forward foreign exchange contracts	43(b)	588,411	(14,724)	428,434	1,204
		3,840,634	(61,017)	3,200,474	(45,424)
The Company					
Interest rate swap agreements	43(c)	-	-	245,000	(17,498)

47 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	
		2004 %	2003 %	2004 \$'000	2003 \$'000
Alexandrite Land Pte Ltd	Ordinary	100	100	*	*
	Redeemable Preference	100	100	4,200	4,200
Areca Investment Pte Ltd	Ordinary	100	100	60,366	1,000
	Redeemable Preference	-	100	-	674,150
Beauty World Pte Ltd	Ordinary	100	100	36,280	36,280
Capital Tower Pte Ltd	Ordinary	-	100	-	40,903
	Redeemable Preference	-	100	-	158,503
CapitaLand Asia Pte Ltd	Ordinary	100	100	*	*
CapitaLand Commercial and Integrated Development Limited (formerly known as CapitaLand Commercial Limited)	Ordinary	100	100	816,185	1,316,031
	Redeemable Preference	-	100	-	500,000
CapitaLand Corporate Investments Pte Ltd	Ordinary	100	100	*	*
Balance carried forward				917,031	2,731,067

47 Subsidiaries (cont'd)

Subsidiaries	Class of Shares	Percentage Held by the Company		Cost of Investments	
		2004 %	2003 %	2004 \$'000	2003 \$'000
Balance brought forward				917,031	2,731,067
CapitaLand Financial Limited	Ordinary	100	100	*	*
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	453,915	2,000,000
CapitaLand Retail Ltd	Ordinary	100	-	*	-
CapitaLand Treasury Ltd (formerly known as Stamford Holdings Pte Ltd)	Ordinary	100	100	69,489	69,489
	Redeemable Preference	100	-	7,400	-
ECORE Research Pte Ltd	Ordinary	100	100	*	*
CapitaLand Retail China Pte Ltd (formerly known as 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	*	*
				2,520,991	5,873,712

47 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(i) Jointly held by Areca Investment Pte Ltd and CapitaLand Corporate Investments Pte Ltd: Raffles Holdings Limited ²	Investment holding	Singapore	59.9	60.1
(ii) Jointly held by Raffles Holdings Limited and CapitaLand Corporate Investments Pte Ltd: RC Hotels (Pte) Ltd ²	Hotel operator	Singapore	64	64.1
(iii) Directly held by RC Hotels (Pte) Ltd: RC Spa Pte Ltd ²	Operation of Spa and fitness facilities	Singapore	64	64.1
(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	68.7	68.8
(v) Directly held or indirectly held by CapitaLand Financial Limited: CapitaCommerical Trust Management Limited	Property fund management, investment and related services	Singapore	100	-
CapitaLand Financial Services Limited	Investment holding and advisory services	Singapore	100	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

47 Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(vi) Directly or indirectly held by CapitalLand Residential Limited:				
Ausprop Holdings Limited	Investment holding	Singapore	100	100
Australand Holdings Limited ²	Property investment, development and investment holding	Australia	55.1	57.5
Australand Property Trust ²	Property trust	Australia	55.1	57.5
CapitalLand China Holdings Pte Ltd	Investment holding	Singapore	100	100
Central Hill Limited ¹	Property investment	Hong Kong	75	75
CRL Realty Pte Ltd	Property development	Singapore	100	100
Hua Yuan Holdings Pte Ltd	Investment holding	Singapore	70	70
Imperial Reality Limited	Property development	Singapore	100	100
Shanghai Pudong Xinxiang Real Estate Development Co., Ltd ¹	Property development	The People's Republic of China	66.5	66.5
Shanghai Ning Xin Real Estate Development Co., Ltd ¹	Property development	The People's Republic of China	71	66
Shanghai Xin Xu Property Development Co., Ltd ¹	Property development	The People's Republic of China	99	99

47 Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2004 %	2003 %
(vii) Directly or indirectly held by CapitaLand Commercial and Integrated Development Limited (formerly known as CapitaLand Commercial Limited):				
Anatase Pte Ltd	Investment holding	Singapore	100	100
Birchvest Investments Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Commercial Project Management Pte Ltd	Project management, development and consultancy	Singapore	100	100
CapitaLand (Office) Investments Pte Ltd	Investment holding	Singapore	100	100
China Square Holdings Pte Ltd	Property investment	Singapore	100	100
Corporation Place Ltd	Property investment	Singapore	75	75
Huteng Investment (Shanghai) Pte Ltd	Investment holding	Singapore	100	100
Plaza Singapura (Private) Limited	Property Investment	Singapore	100	100
Somerset Mall Pte Ltd	Investment holding	Singapore	100	100
Temasek Tower Limited	Property investment	Singapore	90	90
Wan Tien Realty (Pte) Ltd	Property investment	Singapore	100	100
(viii) 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
PREMAS International Limited	Property management and related services	Singapore	100	100
PREMAS Valuers & Property Consultants Pte. Ltd.	Real estate valuation and property consultancy services	Singapore	100	100
PT. PREMAS International ¹	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

47 Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(ix) Directly or indirectly held by Raffles Holdings Limited:				
Burton Way Hotel, Inc. ⁴	Hotel owner and operator	United States of America	59.9	60.1
hospitalitybex pte ltd ²	Operation of e-procurement portal	Singapore	46.6	46.7
Hotel International AG ²	Hotel owner and operator	Switzerland	59.9	60
Hotel “Vier Jahreszeiten” von Friedrich Haerlin GmbH ²	Hotel operator	Germany	59.9	60.1
Le Plaza Basel AG ²	Hotel owner and operator	Switzerland	49.5	49.5
MCH (Sydney) Trust ²	Hotel owner and operator	Australia	35.9	36
Merchant Quay Pte Ltd ²	Hotel owner and operator	Singapore	59.9	60.1
Raffles Centre (Private) Limited ²	Investment holding	Singapore	59.9	60.1
Raffles Grand Hotel Pte Ltd ²	Hotel owner and operator	Cambodia	59.9	60.1
Raffles Hotel (1886) Ltd ²	Hotel owner, operator and property investment	Singapore	59.9	60.1
Raffles International Limited ²	Hotel management and management of tourism related activities	Singapore	59.9	60.1
Raffles Royal Hotel Pte Ltd ²	Hotel owner and operator	Cambodia	59.9	60
Rheinpark Plaza Neuss GmbH ²	Hotel owner and operator	Germany	59.9	60
Société Montreux-Palace S.A. ²	Hotel owner and operator	Switzerland	50.2	50.3
Swissôtel Amsterdam B.V. ²	Hotel operator	The Netherlands	59.9	60
Swissôtel Berlin GmbH ²	Hotel operator	Germany	59.9	60
Swissôtel Holding AG ²	Investment holding	Switzerland	59.9	60.1
Swissôtel Management AG ²	Hotel management and management of tourism related activities	Switzerland	59.9	60.1
Swissôtel Management Corporation ⁴	Hotel management and management of tourism related activities	United States of America	59.9	60.1

47 Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2004 %	2003 %
(ix) Directly or indirectly held by Raffles Holdings Limited: (cont'd)				
Swissôtel Management (South America) L.L.C. ⁴	Hotel management and management of tourism related activities	United States of America	59.9	60.1
Swissôtel Management (USA) L.L.C. ⁴	Hotel management and management of tourism related activities	United States of America	59.9	60.1
Swissôtel Osaka Nankai K.K. ²	Hotel operator	Japan	59.9	60.1
"Vier Jahreszeiten" Grundstücksgesellschaft m.b.H. ²	Hotel owner	Germany	59.9	60.1
(x) Directly or indirectly held by The Ascott Group Limited:				
Ascott Hospitality Management (UK) Limited ¹	Management of serviced apartments	United Kingdom	68.7	68.8
Ascott International Management (2001) Pte Ltd	Investment holding and management of serviced apartments	Singapore	68.7	68.8
Ascott International Management (Thailand) Limited ³	Management of serviced apartments	Thailand	68.7	68.8
Ascott International Management (NZ) Pte Limited ¹	Management of serviced apartments	New Zealand	68.7	68.8
Ascott Property Management (Beijing) Co Ltd ¹	Property management	The People's Republic of China	68.7	68.8
Ascott Property Management (Shanghai) Co Ltd ¹	Property management	The People's Republic of China	68.7	68.8
Ascott Residences Pte Ltd	Investment and development of serviced apartments	Singapore	68.7	68.8
Cairnhill Place (1999) Limited	Property investment	Singapore	68.7	68.8
Citadines SA ²	Operating and management	France	68.7	34.4
Eurimeg SA ²	Investment holding	France	41.9	20.6
FBM London Ltd ²	Investment holding and management of serviced apartments	UK	68.7	34.4

47 Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(x) Directly or indirectly held by The Ascott Group Limited: (cont'd)				
EuroResidence 1 SARL ¹	Investment holding	France	68.7	68.8
EuroResidence 2 SAS ¹	Investment holding	France	68.7	68.8
Guangzhou F.C. Golf & Country Club Co Ltd ¹	Development and operation of a golf and country club	The People's Republic of China	48.1	48.2
Hanoi Tower Center Company Ltd ¹	Property investment	The Socialist Republic of Vietnam	41.8	41.8
Hua Xin Residences Pte Ltd	Property investment and investment holding	Singapore/ The People's Republic of China	68.7	68.8
Javana Pte Ltd	Investment holding	Singapore	68.7	68.8
LC (9 Nassim) Pte Ltd	Property management	Singapore	61.8	61.9
Oakford Australia Pty Ltd ¹	Property management	Australia	68.7	68.8
Orville SAS ⁵	Investment holding	France	68.7	34.4
PT Bumi Perkasa Andhika ¹	Property development and management	Indonesia	58.4	58.5
PT Ciputra Liang Court ¹	Property development and investment	Indonesia	39.4	39.5
PT Indonesia America Housing ¹	Property investment	Indonesia	68.7	68.8
Residence Italie Sci ²	Management of serviced apartments	France	68.7	34.4
Saigon Office and Serviced Apartment Company Limited ¹	Property investment	The Socialist Republic of Vietnam	27.6	27.7
Somerset Investments Pte Ltd	Property investment and investment holding	Singapore	68.7	68.8
SQ Resources Inc ¹	Property investment	Philippines	44	44
The Ascott Capital Pte Ltd	Investment trading	Singapore	68.7	68.8
The Ascott Group (Europe) Pte Ltd	Investment holding	Singapore	68.7	68.8
The Ascott Heritage Pte Ltd	Property investment	Singapore	68.7	68.8

47 Subsidiaries (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(x) Directly or indirectly held by The Ascott Group Limited: (cont'd)				
The Ascott Holdings Ltd	Investment holding	Singapore	68.7	68.8
Venture Bishan Limited	Investment holding	Singapore	68.7	68.8
Wuhan New Minzhong Leyuan Co Ltd ¹	Property development and investment	The People's Republic of China	48.1	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.⁵ Jointly audited by other member firms of KPMG International and PricewaterhouseCoopers.⁶ Subsidiaries incorporated in Singapore which required audit are audited either by KPMG Singapore or PricewaterhouseCoopers Singapore.

* Cost of investment of less than \$1,000.

48 Associates

Details of significant associates are as follows:

Associates	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(i) Indirectly held by CapitaLand Financial Limited:				
I. P. Property Fund Asia Limited ³	Investment in real estate	Guernsey	20	20
CapitaLand China Residential Fund Ltd	Investment in real estate	Singapore	33.6	42.7
CapitaRetail Japan Fund Private Limited	Investment holding	Singapore	30	-
(ii) Indirectly held by CapitaLand Residential Limited:				
Bangi Heights Development Sdn. Bhd. ²	Property investment and development	Malaysia	45.1	45.1
United Malayan Land Bhd ²	Investment holding	Malaysia	21.6	21.6
Wingem Investment Pte Ltd	Property investment and development	Singapore	25	25
Winpeak Investment Pte Ltd	Property investment and development	Singapore	25	25

48 Associates (cont'd)

Associates	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(iii) Indirectly held by CapitaLand Commercial Integrated Development Limited (formerly known as CapitaLand Commercial Limited):				
Bugis City Holdings Pte Ltd	Investment holding	Singapore	20	20
CapitaMall Trust	Property investment	Singapore	38.6	32.2
CapitaLand Commercial Trust	Property investment	Singapore	40	-
Hua Qing Holdings Pte Ltd	Investment holding	Singapore	50	50
(iv) Indirectly held by CapitaLand Property Services Holdings Pte Ltd:				
Bugis Junction Asset Management Pte Ltd ³	Property management services	Singapore	42.9	42.9
PREMAS (THAILAND) CO., LTD. ¹	Integrated real estate management services	Thailand	49	49
(v) Directly held by Raffles Holdings Limited:				
Tincel Properties (Private) Limited ²	Real estate investment and management	Singapore	27	27
(vi) Directly or indirectly held by The Ascott Group Limited:				
Amanah Scotts Sdn Bhd ¹	Investment holding, property development and management	Malaysia	34.4	34.4
Hemliner Pte Ltd ²	Investment holding	Singapore	20.6	20.7
MEC Roppongi Tokutei Kaisha ³	Property management	Japan	27.5	-

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.

49 Jointly-Controlled Entities

Details of significant jointly-controlled entities are as follows:

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2004 %	2003 %
(i) Indirectly held by the Company: CapitaLand-Raffles Properties Pte Ltd	Property development and investment	Singapore	50	50
(ii) Indirectly held by CapitaLand Asia Pte Ltd: T.C.C. Capital Land Limited ¹	Property development	Thailand	40	-
(iii) Indirectly held by CapitaLand Financial Limited: I.P. Real Estate Asset Management (Asia) Pte Ltd ³	Real estate portfolio management services	Singapore	50	50
I.P. Real Estate Asset Management (Guernsey) Limited ³	Investment management	Guernsey	50	50
(iv) Indirectly held by CapitaLand Residential Limited: AustraLand and Housing No. 5 (Hope Island) Pty Limited ²	Property development	Australia	27.6	28.8
Camden Green Pty Limited ²	Property development	Australia	27.6	28.8
Chymont Pty Limited ²	Property development	Australia	27.6	28.8
Freshwater Residential Unit Trust ²	Property development	Australia	27.6	28.8
Glebe Harbour Unit Trust ²	Property development	Australia	27.6	28.8
Motorway Business Park Pty Ltd ²	Property development	Australia	27.6	28.8
Riverwalk Promenade Pte Ltd	Property development	Singapore	50	50
Trust Project No. 9 Unit Trust ²	Property development	Singapore	27.6	28.8
Trust Project No. 11 Unit Trust ²	Property development	Australia	27.6	28.8
W9 & 10 Construction Stage 2 Partnership ²	Property development	Australia	27.6	28.8
(v) Indirectly held by CapitaLand Commercial Integrated Development Limited (formerly known as CapitaLand Commercial Limited): Eureka Office Fund Pte Ltd	Investment holding	Singapore	50	50
Grand Design Development Limited ¹	Property investment	Hong Kong	50	50
Savu Investments Ltd	Property investment	Singapore	50	50
Xiamen Huiteng Property Co, Ltd ¹	Property development	The People's Republic of China	50	50

49 Jointly-Controlled Entities (cont'd)

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2004 %	2003 %
(vi) Indirectly held by The Ascott Group Limited:				
Ascott Dilmun Holdings Limited ¹	Investment holding	Jersey	34.4	34.4
Mekong-Hacota Joint Venture Company Ltd ¹	Property development and management	The Socialist Republic of Vietnam	44	44.1
Sathorn Supsin Company Limited ³	Property development and investment	Thailand	27.5	20.7
Siam Real Estate Fund ³	Property investment	Thailand	27.5	27.5

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.

50 Segment Reporting (Group)

(a) Business Segments

	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Hotels \$'000	Property management \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
2004								
Revenue								
External revenue	597,956	2,065,067	202,055	728,361	119,395	90,668	-	3,803,502
Inter-segment revenue	6,933	109	-	87	6,423	27,810	(41,362)	-
Total Revenue	604,889	2,065,176	202,055	728,448	125,818	118,478	(41,362)	3,803,502
Segmental Results								
Company and subsidiaries	138,443	433,947	54,408	38,593	11,169	68,029	-	744,589
Associates	51,396	11,692	2,982	16,937	388	2,560	-	85,955
Jointly-controlled entities	42,874	23,276	59	-	-	530	-	66,739
Partnerships	4,541	-	-	-	-	-	-	4,541
Earnings before interest and taxation	237,254	468,915	57,449	55,530	11,557	71,119	-	901,824
Finance costs								(272,075)
Taxation								(153,078)
Minority interests								(163,639)
Net profit for the year								313,032

50 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Hotels \$'000	Property management \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
2004								
Significant Non-Cash Expenses								
- Depreciation	7,278	5,465	8,166	65,330	2,147	1,354	-	89,740
- Amortisation	124	-	809	-	54	-	-	987
Capital Expenditure	6,385	7,531	9,510	22,840	2,107	1,353	-	49,726
Assets and Liabilities								
Segment assets	2,817,643	4,697,668	1,984,162	1,546,341	67,351	2,257,307	-	13,370,472
Investment in								
- associates	2,051,748	147,775	43,052	326,495	675	72,944	-	2,642,689
- jointly-controlled entities	675,994	234,642	111,963	-	-	29,079	-	1,051,678
- partnerships	64,245	-	-	-	-	-	-	64,245
Unallocated assets	-	-	-	-	-	-	-	98,555
Total Assets	5,609,630	5,080,085	2,139,177	1,872,836	68,026	2,359,330	-	17,227,639
Segment liabilities	3,170,698	3,041,637	1,051,596	403,160	49,428	1,616,856	-	9,333,375
Unallocated liabilities	-	-	-	-	-	-	-	448,343
Total Liabilities	3,170,698	3,041,637	1,051,596	403,160	49,428	1,616,856	-	9,781,718
2003								
Revenue								
External revenue	733,131	2,045,532	151,155	576,123	112,356	32,555	-	3,650,852
Inter-segment revenue	10,647	-	-	111	11,407	28,639	(50,804)	-
Total Revenue	743,778	2,045,532	151,155	576,234	123,763	61,194	(50,804)	3,650,852
Segmental Results								
Company and subsidiaries	143,931	288,002	19,381	27,457	8,997	44,689	-	532,457
Associates	79,371	5,171	1,866	(1,417)	(279)	(690)	-	84,022
Jointly-controlled entities	(40,780)	11,922	8,027	-	-	664	-	(20,167)
Partnerships	(7,318)	-	-	-	-	-	-	(7,318)
Earnings before interest and taxation	175,204	305,095	29,274	26,040	8,718	44,663	-	588,994
Finance costs								(240,767)
Taxation								(148,313)
Minority interests								(97,316)
Net profit for the year								102,598

50 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Hotels \$'000	Property management \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
2003								
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	4,927,818	1,186,770	1,566,560	77,719	1,019,176	-	14,472,908
Investment in								
- associates	1,192,147	139,826	34,478	323,996	414	50,349	-	1,741,210
- jointly-controlled entities	778,375	69,022	384,721	-	-	36,359	-	1,268,477
- partnerships	51,241	-	-	-	-	-	-	51,241
Unallocated assets	-	-	-	-	-	-	-	340,987
Total Assets	7,716,628	5,136,666	1,605,969	1,890,556	78,133	1,105,884	-	17,874,823
Segment liabilities	3,595,773	1,824,812	652,850	390,113	46,359	2,160,492	-	8,670,399
Unallocated liabilities	-	-	-	-	-	-	-	1,164,092
Total Liabilities	3,595,773	1,824,812	652,850	390,113	46,359	2,160,492	-	9,834,491

(b) Geographical Segments

	Singapore \$'000	Australia and New Zealand \$'000	China \$'000	Other Asia [#] \$'000	Europe \$'000	Others [@] \$'000	Eliminations \$'000	Consolidated \$'000
2004								
Revenue	1,294,594	1,411,807	525,660	206,839	330,872	33,730	-	3,803,502
Earnings before interest and taxation*	176,610	251,307	219,514	174,835	75,534	4,024	-	901,824
Total Assets	8,681,016	3,426,058	1,493,036	1,519,554	1,982,014	125,961	-	17,227,639
Capital Expenditure	22,290	6,857	2,771	6,084	10,986	738	-	49,726
2003								
Revenue	1,365,536	1,493,147	361,910	131,344	263,873	35,042	-	3,650,852
Earnings before interest and taxation*	111,196	179,616	185,119	69,961	38,561	4,541	-	588,994
Total Assets	10,863,804	2,910,174	1,188,034	1,464,219	1,319,494	129,098	-	17,874,823
Capital Expenditure	14,946	9,908	2,540	3,521	21,848	367	-	53,130

50 Segment Reporting (Group) (cont'd)

(c) Strategic Business Units

	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
2004								
Revenue	342,907	42,295	2,397,129	238,937	690,293	125,818	(33,877)	3,803,502
Earnings before interest and taxation*	109,735	29,762	595,490	73,204	86,122	9,057	(1,546)	901,824
2003								
Revenue	400,895	40,863	2,380,867	200,245	546,020	123,763	(41,801)	3,650,852
Earnings before interest and taxation*	72,662	18,640	342,628	54,665	60,215	7,978	32,206	588,994

Note:

* Earnings before interest and taxation includes share of results from associates, jointly-controlled entities and partnerships.

The Group's operations in "Other Asia" include Indonesia, Hong Kong, Japan, Malaysia, Philippines, Thailand, 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.

51 Subsequent Events

- (a) On 23 December 2004, the Group's indirect wholly-owned subsidiary, CapitaRetail China Investments Pte Ltd, entered into a co-operative agreement to acquire 51% equity interest in six companies which own shopping malls in China. The acquisition was completed on 28 February 2005 and the purchase consideration is approximately RMB984 million (S\$196 million).
- (b) On 4 January 2005, the Group's wholly-owned subsidiary, CapitaLand Retail China Pte Ltd, entered into a co-operative agreement to acquire Anzhen Shopping Mall and Wangjing Shopping Mall in China. The estimated acquisition costs of the said retail malls are approximately RMB1,822 million (S\$360 million).
- (c) On 23 January 2005, the Group's indirect wholly-owned subsidiary, MCH Holdings (Shanghai) Pte Ltd, entered into a conditional agreement to sell its 95% equity interest in Shanghai Xin Mao Property Development Co., Ltd. The cash proceeds from the sale is approximately US\$98 million (S\$160 million).

52 Comparative Information

Comparatives in the financial statement have been changed from previous year due to the change in accounting policy as described in note 40(b). In addition, certain comparatives have been reclassified to conform with current year's presentation.

Additional Information

1. Directors' Remuneration

Number of Directors of CapitaLand Limited in Remuneration Bands:

REMUNERATION BANDS	2004	2003
\$500,000 and above	1	1
\$250,000 to \$499,999	0	0
Below \$250,000	11	11
Total	12	12

Directors' Compensation Table for the financial year ended 31 December 2004:

Directors of the Company	Salary inclusive of AWS & employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ⁽¹⁾ \$	Directors' fees inclusive of attendance fees ⁽²⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau ⁽³⁾	-	-	66,918	66,918
Philip Yeo Liat Kok ⁽⁴⁾	-	-	29,185	29,185
Hsuan Owyang	-	-	136,000	136,000
Liew Mun Leong	804,972	677,205	-	1,482,177
Andrew Buxton	-	-	55,880	55,880
Sir Alan Cockshaw	-	-	99,220	99,220
Richard Edward Hale	-	-	108,400	108,400
Lim Chin Beng	-	-	79,900	79,900
Peter Seah Lim Huat ⁽⁵⁾	-	-	91,000	91,000
Sum Soon Lim	-	-	113,100	113,100
Jackson Peter Tai ⁽⁵⁾	-	-	114,700	114,700
Lucien Wong Yuen Kuai	-	-	108,800	108,800
Sub-Total 1	804,972	677,205	1,003,103	2,485,280
Payable by Subsidiaries:				
Hsuan Owyang	-	-	73,000	73,000
Andrew Buxton	-	-	37,048	37,048
Richard Edward Hale	-	-	45,000	45,000
Lim Chin Beng	-	-	52,000	52,000
Sum Soon Lim	-	-	47,700	47,700
Sub-Total 2	-	-	254,748	254,748
Total for Directors of the Company	804,972	677,205	1,257,851	2,740,028

During the year, share options and conditional awards of performance shares were also granted. For details, please refer to the Directors' Report.

(1) 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.

(2) The directors' fees will only be paid upon approval by shareholders at the forthcoming Annual General Meeting of the Company.

(3) Dr Hu Tsu Tau was appointed director of the Company on 13 April 2004.

(4) Mr Philip Yeo Liat Kok resigned as director of the Company on 13 April 2004.

(5) 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 2003:

Directors of the Company	Salary inclusive of AWS & employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ⁽¹⁾ \$	Directors' fees inclusive of attendance fees ⁽²⁾ \$	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 ⁽⁴⁾	-	-	37,341	37,341
Sir Alan Cockshaw	-	-	109,796	109,796
Hsieh Fu Hua ⁽³⁾	-	-	14,792	14,792
Richard Edward Hale ⁽⁴⁾	-	-	93,611	93,611
Lim Chin Beng	-	-	78,200	78,200
Peter Seah Lim Huat ⁽⁵⁾	-	-	82,500	82,500
Sum Soon Lim	-	-	111,400	111,400
Jackson Peter Tai ⁽⁵⁾	-	-	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.

(1) 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.

(2) The directors' fees were approved by shareholders at the Annual General Meeting of the Company on 12 April 2004 and had since been paid.

(3) Mr Hsieh Fu Hua resigned as a director of the Company on 10 February 2003.

(4) Mr Andrew Buxton and Mr Richard Edward Hale were appointed directors of the Company on 1 June 2003 and 10 February 2003 respectively.

(5) Fees were paid to the employer companies of Mr Peter Seah Lim Huat and Mr Jackson Peter Tai.

2. Executives' Remuneration

Remuneration Data (for employees earning \$100,000 and above) for financial years ended 31 December 2004 and 2003 :

Total Compensation Bands	Total Number of Employees	2004	Total Dollar Value (\$)	Total Number of Employees	2003	Total Dollar Value (\$)
\$100,000 to \$249,999	263	37,937,848		291	39,017,199	
\$250,000 to \$499,999	37	12,851,345		32	10,837,383	
\$500,000 to \$749,999	7	4,370,447		9	5,225,629	
\$750,000 to \$999,999	7	5,896,618		3	2,495,917	
\$1,000,000 to \$1,250,000	1	1,055,042		-	-	
> \$1,250,000	1	1,482,177		3	5,649,949	
Total	316	63,593,477		338	63,226,077	

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 Peter Seah Lim Huat, a director of the Company, bought a residential unit in Summit Residences (one of the Group's projects in China) for RMB6,014,575 (approximately S\$1,214,944). 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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Lucien Wong Yuen Kuai:				
Paid or payable to Allen & Gledhill	1,742	1,493	530	58
Sir Alan Cockshaw:				
Paid or payable to Shawbridge Management Limited and/or Sir Alan Cockshaw	17	117	17	17
Andrew Buxton:				
Paid or payable to ARF Buxton Financial Consultancy and/or Andrew Buxton	30	62	-	-

4. Significant Related Party Transactions

Please refer to note 45 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 (Private) Limited and its associates:	
Rental and service income	164
Property and project management income	1,529
Purchase of electricity supply	19,200
Singapore Technologies Pte Ltd* and its associates:	
Management fee expense*	5,687
Property and project management income*	1,315
Purchase of other products and services*	2,039
Directors and their associates:	
Transactions with Peter Seah Lim Huat, Lucien Wong Yuen Kuai, Sir Alan Cockshaw and Andrew Buxton (Please refer to Item 3 on Directors' Interests in Contracts entered with the Group)	

* The management fee expense, property and project management income and purchase of other products and services disclosed above relate to transactions with Singapore Technologies Pte Ltd, the previous immediate holding company, and its associates. From 31 December 2004, the immediate holding company is Temasek Holdings (Private) Limited.

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 Share Capital

S\$2,528,704,405 (comprising 2,528,704,405 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 Temasek Holdings (Private) Limited	1,197,123,933	47.34
2 ST Property Investments Pte Ltd	272,777,838	10.79
3 DBS Nominees Pte Ltd	264,692,007	10.47
4 Raffles Nominees Pte Ltd	179,437,738	7.10
5 Citibank Nominees Singapore Pte Ltd	111,157,468	4.40
6 HSBC (Singapore) Nominees Pte Ltd	84,104,084	3.33
7 United Overseas Bank Nominees Pte Ltd	58,888,877	2.33
8 Lee Pineapple Company Pte Ltd	26,852,000	1.06
9 DB Nominees (S) Pte Ltd	18,803,348	0.74
10 OCBC Nominees Singapore Pte Ltd	16,577,236	0.66
11 Pei Hwa Foundation Limited	13,641,557	0.54
12 Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,810,565	0.23
13 Merrill Lynch (Singapore) Pte Ltd	5,709,744	0.23
14 UOB Kay Hian Pte Ltd	4,017,875	0.16
15 Societe Generale Singapore Branch	2,879,000	0.11
16 OCBC Securities Private Ltd	2,837,152	0.11
17 BNP Paribas Nominees Singapore Pte Ltd	2,794,250	0.11
18 DBS Vickers Securities (Singapore) Pte Ltd	2,671,813	0.11
19 Phillip Securities Private Ltd	2,412,272	0.10
20 Kim Eng Securities Pte. Ltd.	2,402,000	0.09
Total	2,275,590,757	90.01

Substantial Shareholders

As shown in the Register of Substantial Shareholders as at 25 February 2005

Name of Substantial Shareholder	No. of ordinary shares in which	
	substantial shareholder has a direct interest	substantial shareholder is deemed to have an interest
ST Property Investments Pte Ltd	272,777,838	55,567,000
Temasek Holdings (Private) Limited	1,197,123, 933	383,401,338 ⁽¹⁾

Note:

- (1) ST Property Investments Pte Ltd ("STPI") is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). By virtue of Section 7 of the Companies Act, Cap. 50, Temasek is deemed to have an interest in (a) the 272,777,838 ordinary shares held by STPI; (b) the 55,567,000 ordinary shares subject to the terms of securities lending agreements entered into by STPI with financial institutions; and (c) the 55,056,500 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	1,044	2.88	476,237	0.02
1,000 – 10,000	30,754	84.90	105,709,075	4.18
10,001 – 1,000,000	4,403	12.16	144,228,336	5.70
1,000,001 and above	22	0.06	2,278,290,757	90.10
Total	36,223	100.00	2,528,704,405	100.00

Approximately 37.49% 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 IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the STI Auditorium, 168 Robinson Road, Level 9, Capital Tower, Singapore 068912, on Friday, 29 April 2005 at 10.30 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 2004 and the Auditors' Report thereon.
- 2 To declare a first and final dividend of S\$0.05 per share and a special dividend of S\$0.01 per share, less Singapore income tax at 20%, for the year ended 31 December 2004.
- 3 To approve the sum of S\$1,003,103 as Directors' fees for the year ended 31 December 2004. (2003: S\$971,340)
- 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) Mr Liew Mun Leong
- (ii) Mr Richard Edward Hale
- (iii) Mr Peter Seah Lim Huat

Mr Richard Edward Hale is an independent member and Chairman of the Audit Committee.

- 5 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) Dr Richard Hu Tsu Tau
 - (ii) Mr Hsuan Owyang
 - (iii) Mr Lim Chin Beng
- 6 To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
- 7 To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company.

AS SPECIAL BUSINESS

- 8 To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

8A 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.

8B 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
24 March 2005

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 8A 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 8A 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 8A is passed, and any subsequent consolidation or subdivision of shares.

Resolution 8B 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

(Regn. No.: 198900036N)

(Incorporated in the Republic of Singapore)

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 No.	Proportion of shareholdings	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport No.	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 29 April 2005 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the 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 a First and Final Dividend and a Special Dividend		
3	Approval of Directors' Fees		
4(i)	Re-election of Mr Liew Mun Leong as Director		
4(ii)	Re-election of Mr Richard Edward Hale as Director		
4(iii)	Re-election of Mr Peter Seah Lim Huat as Director		
5(i)	Re-appointment of Dr Richard Hu Tsu Tau as Director		
5(ii)	Re-appointment of Mr Hsuan Owyang as Director		
5(iii)	Re-appointment of Mr Lim Chin Beng as Director		
6	Re-appointment of Auditors		
7	Any Other Business		
	SPECIAL BUSINESS		
8A	Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50		
8B	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 _____ 2005.

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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Main Contacts

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(Engagement Partner since financial year ended 31 December 2001: Martha Tan Hui Keng)

This Annual Report to Shareholders 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.

CapitaLand Limited

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