



THE STORY BEHIND OUR NUMBERS

**CAPITALAND LIMITED
ANNUAL REPORT 2007**

CAPITALAND LIMITED

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Company Reg. No. 198900036N

www.capitaland.com

CREDO

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

MISSION

To build a world-class real estate company with international presence that: Creates sustainable shareholder value; delivers quality products and services; attracts and develops quality human capital.

OUR GROUP TOTAL MARKET CAPITALISATION STANDS AT OVER

\$27,000,



000,000

AS AT END-2007



Changi Airport Terminal 3, Singapore

The CapitaLand Group comprises eight listed companies with a total market capitalisation of over S\$27 billion.

This is not possible without wider group interest at work – business unit CEOs anchor teams that work together to create a whole that is greater than the sum of its parts. This synergy of talent, creativity, commitment and innovation continually sharpens CapitaLand's competitive edge.

Edward Bin
Finance,
CapitaLand Commercial Limited

Sonia Meyer
Investor Relations,
*Ascott Residence Trust
Management Limited*

Thiruchelvi Balarama
Treasury,
CapitaLand Limited



000,000

AS AT END-2007



Changi Airport Terminal 3, Singapore

100

WE ARE IN MORE THAN



CITIES AND OVER 20 COUNTRIES

National Museum of Australia, Canberra

Headquartered in Singapore, the CapitaLand Group is a multi-national company with a real estate and hospitality portfolio spanning more than 100 cities in over 20 countries. Its footprint spans a geography that spreads over Asia-Pacific, the Gulf Co-operation Council (GCC) region and Europe. It is the largest real estate company in Southeast Asia, the largest international serviced residence owner-operator and the largest retail mall owner/manager in Asia.



Dominic Gan
Asset Management
and Investments,
CapitaCommercial Trust
Management Limited

Seraphine Iskandar
New Markets,
CapitaLand Residential Limited

Irina Gazoukina
Investments,
CapitaLand ILEC Pte. Ltd.

CITIES AND OVER 20 COUNTRIES

National Museum of Australia, Canberra

WE ACHIEVED A RECORD PROFIT AFTER TAX OF ALMOST

\$2,800,0



00,000

IN 2007 – OUR FOURTH IN A ROW



Beijing National Stadium, China

CapitaLand's 2007 record profit after tax of almost S\$2.8 billion is a result of the Group's investment management and execution excellence. The Group continuously leverages on its real estate domain knowledge, capital-efficient business model, financial skills and strong network of local partners to deliver sustainable growth, especially in growth cities of the core markets of Singapore, Australia and China.

Martin Ngoo
*Guest Services,
The Ascott Group Limited*

Haslinda Sanosi
*Customer Service,
CapitaLand Retail Limited*

Jason Teou
*Project Management,
CapitaLand Residential Limited*



00,000

IN 2007 – OUR FOURTH IN A ROW



Beijing National Stadium, China

WE INVESTED OVER

\$8,000,

000,000

INCLUDING IN NEW MARKETS

Bahrain World Trade Center



Exporting real estate expertise overseas is one of CapitaLand's fortes and something that we've been doing since Day One. We always study a location for a significant period to gain local knowledge before entering the market. Today, we are replicating the same business model in new markets like Vietnam, India, and oil-rich countries like the Gulf Co-operation Council (GCC) region. It is this pioneering spirit that will help us realise our vision of becoming a world-class, lasting and entrepreneurial real estate company.

Colin Low
*Business Development
and Asset Management,
The Ascott Group Limited*

Sophian Abdul Rahman
*Business Development,
CapitaLand GCC Holdings Pte. Ltd.*

Wong Hooe Wai
*Design Management
(New Markets),
CapitaLand Residential Limited*



000,000

INCLUDING IN NEW MARKETS

Bahrain World Trade Center



OUR ASSETS UNDER MANAGEMENT AT END-2007 IS NEARLY

\$18,000,



000,000



We are the leading Asia-based private equity real estate fund and REIT manager, with almost S\$18 billion of assets under management. The asset pipeline for these funds connects gateway cities like Shanghai, Mumbai and Tokyo. However, all this would not be possible without carefully managing the most valuable asset of all – quality human capital. Which explains why, while the common mantra in real estate is “Location, Location, Location”, at CapitaLand, it is “People, People, People”.

Chew Peet Mun
*Financial Services,
CapitaLand Financial Limited*

Lo Mun Wah
*Investments,
CapitaCommercial Trust
Management Limited*

Jesline Goh
*Investments,
CapitaMall Trust
Management Limited*



000,000



Infosys Campus, Pune, India

Corporate Profile

CapitaLand is the largest real estate company in Southeast Asia by market capitalisation.

Headquartered in Singapore, the multinational company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific, Europe and the Gulf Co-operation Council (GCC) countries.

The company's real estate and hospitality portfolio spans more than 100 cities in over 20 countries. CapitaLand also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand include Australand, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust and CapitaRetail China Trust.

Contents

Global Presence	24	Awards & Accolades 2007.....	84
Letter to Shareholders.....	26	CapitaLand Residential.....	88
7-Year Share Price Performance.....	35	CapitaLand Commercial.....	94
Financial Highlights	36	CapitaLand Retail.....	98
Financial Calendar.....	37	CapitaLand Integrated Developments.....	104
Board of Directors	38	CapitaLand Financial Services.....	108
Corporate Directory.....	45	CapitaLand Serviced Residences	114
International Advisory Panel.....	46	Performance Review.....	118
Group Businesses	47	Economic Value Added Statements	128
Council of CEOs	48	Value Added Statements.....	129
Corporate Office	53	Portfolio Details.....	130
Corporate Governance	54	Portfolio Analysis.....	142
Risk Assessment and Management	64	5-Year Financial Summary.....	143
Innovation, Creativity, Entrepreneurship	66	Other Information	144
Investor & Media Relations.....	67	Shareholding Statistics	148
Human Resource	68	Notice of Annual General Meeting	149
Corporate Social Responsibility.....	70	Proxy Form.....	153
InfoNet	72	Notes to Proxy Form	154
Year in Brief.....	73		

A world-class entrepreneurial, prosperous and lasting real estate company led and managed by people with core values respected by the business and social community.

Ranked among the top five real estate companies in Asia, reputed for its innovative and quality real estate products and services.

A company with a strong global network of long-term investors and blue-chip partners.

A company which attracts, develops and retains a diversity of talents; and which is committed to developing local talents to lead its overseas operations.

A company which delivers consistently above-market total shareholder returns.

Global Presence



Presence in more
than 100 cities in
over 20 countries

ASIA PACIFIC

Australia

Brisbane
Hobart
Melbourne
Perth
Sydney

China

Anyang
Beijing
Changsha
Chengdu
Chongqing
Dalian
Deyang
Dongguan
Foshan
Guangzhou
Hangzhou
Hong Kong
Huhehaote
Huizhou

Kunshan
Macau
Maoming
Mianyang
Nanchang
Nanhai
Ningbo
Quanzhou
Shanghai
Shenzhen
Shunde
Suzhou
Tianjin
Weifang
Wuhan

Wuhu
Xi'an
Xinxiang
Yangzhou
Yibin
Yiyang
Zhangzhou
Zhanjiang
Zhaoqing
Zhengzhou
Zibo

Georgia

Tbilisi

India

Amritsar
Bangalore
Chennai
Cochin
Gwalior
Hyderabad
Jaipur
Jalandhar
Khanna
Mangalore
Mumbai
Mysore
Nagpur

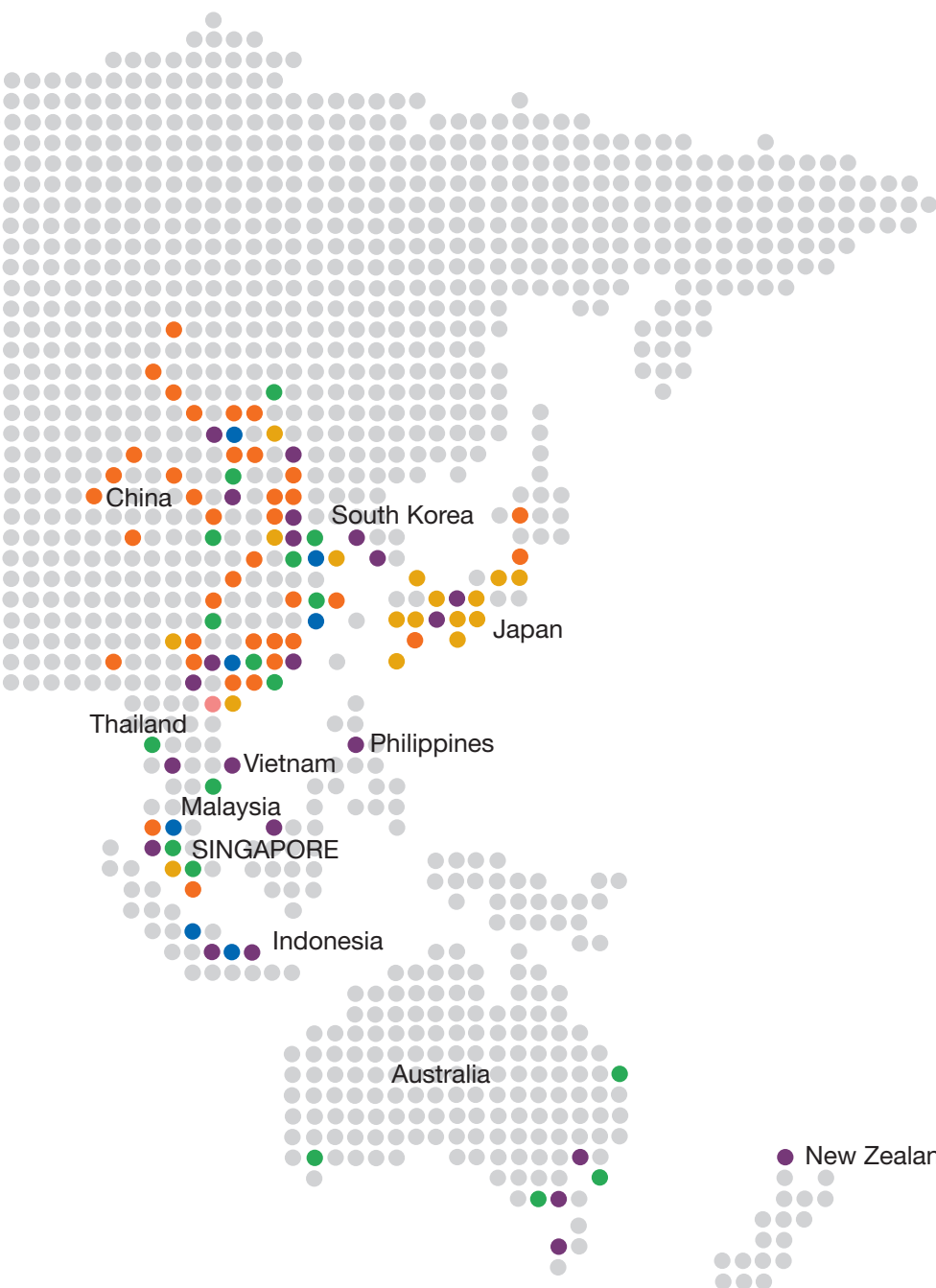
Udaipur
Varanasi

Indonesia

Jakarta
Surabaya

Japan

Fukuoka
Hiroshima
Hokkaido
Kobe
Kyoto
Nagoya



- CapitaLand Residential
- CapitaLand Commercial
- CapitaLand Retail
- CapitaLand Integrated Leisure, Entertainment and Conventions
- CapitaLand Financial
- The Ascott Group

EUROPE

GCC REGION

Nishinomiya
Osaka
Saga
Sendai
Tokyo

Kazakhstan
Aktau
Almaty
Astana

Malaysia
Johor
Kuala Lumpur
Kuching
Penang

New Zealand
Auckland

Philippines
Manila

Russia
Moscow
St. Petersburg

Singapore

South Korea
Seoul

Thailand
Bangkok

Vietnam
Hanoi
Ho Chi Minh City

Belgium
Brussels

France
Aix-en-Provence
Bordeaux
Cannes
Ferney Voltaire
Grenoble
Lille
Lyon
Marseille
Montpellier
Nice
Paris
Strasbourg

Toulouse

Germany
Berlin
Munich

Spain
Barcelona

United Kingdom
Edinburgh
London

Bahrain
Manama

Qatar
Doha

UAE
Abu Dhabi
Dubai



Liew Mun Leong
President & CEO



Dr Hu Tsu Tau
Chairman

Letter to Shareholders

OVERVIEW

The CapitaLand Group posted profit after tax and minority interests (PATMI) of about S\$2.8 billion for FY2007, almost three times the S\$1.0 billion recorded in FY2006. It also recorded profit before tax (PBT) of S\$3.4 billion, which is over two times FY2006. These exceptionally high profits were achieved as a result of the sterling performance in the key markets of Singapore, China and Australia. Besides strong profit contributions from its core businesses, the Group also benefitted from fair value gains on its portfolio of assets.



Since its formation at end-2000, CapitaLand has consistently leveraged on its multi-sector strategy, and its expertise and experience across the whole real estate sector to create shareholder value. In the short span of seven years, it has achieved aggregate profits after tax and minority interests (PATMI) of S\$4.9 billion, and its listed subsidiaries and associated companies have created total shareholders' returns of over S\$19.0 billion.

Since its formation at end-2000, CapitaLand has consistently leveraged on its multi-sector strategy, and its expertise and experience across the whole real estate sector to create shareholder value. In the short span of seven years, it has achieved aggregate profits after tax and minority interests (PATMI) of S\$4.9 billion.

The Directors are pleased to propose a first and final dividend of 15 cents per share comprising an ordinary dividend of 8 cents and a special dividend of 7 cents for the financial year ended 2007.

Multi-Sector, Diversified Company with Strong Balance Sheet

In 2007, we invested over S\$8.0 billion in total. We acquired key residential sites in Singapore to capitalise on the country's growth into a cosmopolitan city. In China, we acquired sites for our Raffles City integrated developments in Chengdu and Hangzhou, and prime commercial and residential sites in Shanghai, Beijing and Chengdu. We also acquired sites in Vietnam for residential projects together with our partners. In the Gulf Co-operation Council (GCC) region, we are participating in a landmark residential, retail, sports and leisure project in Abu Dhabi and we are on track with our Raffles City Bahrain project. Our subsidiary, The Ascott Group, grew its portfolio through new projects in Asia and Europe.

Throughout the year we re-constituted our commercial portfolio, selectively divesting and acquiring assets in Singapore and overseas. For retail, we reinforced our position as Asia's leading mall owner/manager through various direct acquisitions, strategic partnerships and joint ventures and have over 110 retail malls measuring more than 54 million square feet (sq ft). For our property fund management business, we successfully closed six new funds in 2007 to bring our assets under management (AUM) to about S\$18.0 billion at year-end.

During the year, our net debt-equity ratio improved to 0.47; 82% of our debt is in long-term instruments, with 75% at fixed rates and average debt maturity of 4.1 years. The Group's consolidated cash reserves were S\$4.4 billion as at 31 December 2007. In early 2008, amidst tough global economic and financial conditions, we locked in more long-term money at a fixed cost of funding, with the issuance of a record-breaking S\$1.3 billion 10-year convertible bond, our fourth since 2002. The Group is in a strong financial position to take advantage of investment opportunities in Singapore and abroad.

Growth on Track

Residential

In 2007, we increased our presence in the core markets of Singapore, Australia and China, and made further inroads in new growth markets.

In Singapore, we sold 1,430 residential units with a sales value of over S\$3.0 billion, an average of S\$2.2 million per unit. The launch of The Orchard Residences – a joint development with our Hong Kong partner Sun Hung Kai Properties – secured CapitaLand's reputation as a developer of super-luxury homes. It set a new benchmark for residential properties in Singapore with a record S\$5,600 psf for a penthouse. We also launched The Seafront on Meyer, located in the eastern part of Singapore, to overwhelming response. We now have a healthy landbank of about 5.5 million sq ft of potential gross floor area to build approximately 4,000 homes over the next three to four years. This positions us well to cater to the myriad homebuying needs of residents in Singapore as the country enters the league of global cities.

We have been in China for 14 years and today, our presence stretches across the country: Shanghai and the Yangtze River Delta, Beijing and the Bohai Economic Rim, Guangzhou and the Pearl River Delta, and the Central



and Western regions of China. In 2007, we continued to cater to the needs of the country's rising urban population, responding to its strong economic growth by developing quality housing to meet growing demand. We acquired a 95% stake in a local company, which has a prime 1.5 million sq ft residential site in Shanghai's Qingpu District. We also purchased two sites in Beijing, and secured a prime residential site in Chengdu City, Sichuan Province, in a government land auction. Our joint-venture company Sichuan CapitaLand Zhixin acquired three adjacent land parcels in Chengdu, to develop a township comprising homes, a theme park, retail facilities, a five-star hotel and luxurious serviced villas. Together with our partners both in Chengdu and Henan, we will have a pipeline to build an estimated 35,000 homes.

Our listed subsidiary in Australia, Australand, continued to see strong contributions from all its operating businesses, namely, residential, commercial and industrial, and investment properties. It successfully launched another wholesale property trust, the Australand Wholesale Property Fund No. 6.

We continued to make inroads into the new markets of Vietnam, Thailand, India and Kazakhstan through the launch of new projects, site acquisitions and joint projects with local partners.

Commercial

Singapore's healthy economic growth in the last three years has created strong demand drivers that keep the office sector buoyant.

CapitaLand continues to be one of the largest owners/managers of commercial space in Singapore. We have over 6.0 million sq ft of commercial and industrial space, including 4.1 million sq ft in Singapore's Downtown Core. By 2009, about 60% of our office leases will expire progressively, enabling us to benefit further from the current healthy rental rates.

We re-constituted our office portfolio, by divesting our stakes in 8 Shenton Way, Chevron House and Hitachi Tower in Singapore. We also divested Wilkie Edge to CapitaCommercial Trust and The Ascott Group. In turn we bought the remaining 50% stake in Eureka Office Fund Pte Ltd (EOF), which owns the Grade A office building named 1 George Street in the central business district, and 163 strata-titled office and retail units in The Adelphi.

Overseas, we have over 4.7 million sq ft of commercial and industrial floor space and our portfolio extends to key cities in China, Malaysia and the United Kingdom.

In Hong Kong, we sold our 45% stake in AIG Tower, gaining approximately S\$248.5 million. In China, we acquired a commercial site in Shanghai's Zhabei District, for quality offices and a high-end hotel or serviced residence. This acquisition further augments our multi-sector presence in Shanghai. In Malaysia, the Malaysia Commercial Development Fund, which we jointly sponsored with the Maybank Group, took stakes in two sites in Kuala Lumpur Sentral to build offices and serviced apartments with retail amenities.

Integrated Developments

CapitaLand Integrated Leisure, Entertainment and Conventions (ILEC) is a business unit set up in 2006 to harness our experience, partner relationships and intellectual capital to develop iconic, large-scale integrated mixed developments. Besides our 20% strategic stake in Macao Studio City, we also signed a joint venture agreement with the Mubadala Development Company to develop and manage a prime integrated development with residential, retail, sports and leisure components in the heart of Abu Dhabi.

Last year also saw the re-launch of our Raffles City brand, which signalled our strong commitment to take this Singapore brand international. The brand showcases our ability to execute globally such complex and mega integrated projects. We acquired a prime commercial site in Hangzhou, for instance, to build our fourth Raffles City – the largest yet in China with a potential gross floor area of about 3.0 million sq ft. We now have six existing or work-in-progress Raffles City integrated developments – Raffles City Singapore, Raffles City Shanghai, Raffles City Beijing, Raffles City Chengdu, Raffles City Hangzhou and Raffles City Bahrain. As a brand and as a business, the Raffles City developments will feature prominently in our global footprint going forward.

Financial Services

REITs and private equity real estate funds are central to CapitaLand's capital efficient business model and help the Group recycle its capital. The Group continued to grow its assets under management (AUM), closing six new funds in 2007: the Malaysia Commercial Development Fund (US\$270.0 million), the Raffles City Bahrain Fund (US\$350.0 million), the CapitaLand AIF (US\$180.0 million), the Ascott China Fund (US\$500.0 million), the CapitaRetail India Development Fund (US\$600.0 million) and the CapitaRetail China Development Fund II (US\$600.0 million). The latter will be used to grow our retail real estate presence in China and boost the quantum of private funds investing in



Integrated development in Abu Dhabi, UAE

China to a total US\$2.6 billion. In early 2008, we announced our plans for a US\$300.0 million development fund for real estate projects in Vietnam.

The Group also recently acquired Gurney Plaza in Penang and the MINES Shopping Fair in Selangor for over RM1.2 billion (approximately S\$527.1 million). The two will form the seed assets for CapitaLand's proposed pure-play Malaysian retail REIT. CapitaLand continues to be a strategic investor in Hong Kong's Link Reit.

Retail

CapitaLand is Asia's largest retail mall owner/manager. In Singapore, we own and manage 17 retail malls, and maintained our pole position through new acquisition and development projects and asset enhancement programmes. We unveiled the name and award-winning architectural features of ION Orchard, which is expected to be the "centre of gravity" for Singapore retail along Orchard Road, the country's premier shopping belt. We invested S\$384.0 million to own and manage the proposed Retail and Entertainment Zone of an integrated hub at Vista Xchange, one-north, in Buona Vista.

The portfolio of CapitaMall Trust, which was Singapore's first REIT in 2002, continued to achieve strong rental rates and enjoy full occupancy. It expanded its portfolio with the injection of Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall from CapitaRetail Singapore, a private retail property fund sponsored by CapitaLand. CapitaRetail China Trust (CRCT), Singapore's first pure-play China retail REIT, also successfully completed its acquisition of Xizhimen Mall in Beijing. At a property price of S\$336.0 million, the acquisition raised CRCT's portfolio size to about S\$1.1 billion.

Overseas, we now have over 70 retail malls in China, including a committed portfolio of 55 retail malls worth S\$8.0 billion spread over 44 cities across China. In addition, we have seven retail malls in Japan and two in Malaysia. In China, our retail expansion plans were further boosted by our co-operative agreement with China Vanke Co., Ltd, China's largest residential developer, to increase the potential pipeline of retail mall assets.

In India, we entered into joint ventures with the Prestige Group, a well-established Bangalore-based real estate player with an extensive footprint in South India, and

Advance India Projects Limited, a renowned Delhi-based developer with a strong presence in North India to invest, develop and manage retail projects in India. The two strategic partnerships provide CapitaLand with a unique opportunity to invest and manage an immediate portfolio of 15 retail projects strategically located in 14 cities with a total asset value of over S\$2.1 billion and a total lettable area of over 11.0 million sq ft.

New Growth Markets

Besides growth in our three core markets of Singapore, China and Australia, we continued to make progress in India, Vietnam, the GCC countries and Thailand, as well as in Moscow and St Petersburg, where our subsidiary The Ascott Group has signed Memorandums of Understanding with its partner there.

In Vietnam, we successfully launched The Vista, a high-end condominium project in Ho Chi Minh City. In all, we have a pipeline of four projects with an estimated 2,800 residential units in Ho Chi Minh City, and we aim to double our presence in the next few years. In India, we launched our maiden residential project, a 590-unit residential development in Ghatkopar, Mumbai, which is part of a mixed-use development. In Thailand, we launched three projects, the Villa Sathorn and Villa Rachatewi condominiums, and North Park Place, which is Thailand's first "condotel".

Serviced Residences

In 2007, the serviced residence sector enjoyed robust growth, driven by increasing demand in Asia and Europe from business and leisure travellers. Ascott has in the past year added more than 3,000 units to its portfolio through investments and management contracts. As part of its expansion plans, it entered three new countries and 10 new cities including Moscow in Russia, Astana and Aktau in Kazakhstan and Tbilisi in Georgia. By end-2007, Ascott's portfolio exceeded 20,000 units in 158 properties across 55 cities in 23 countries. Having fully acquired the Citadines Apart'hotel chain in 2004, Ascott has further grown the Citadines brand in Europe, and successfully launched it in Asia. In 2007, Ascott announced more Citadines properties in cities like Chennai, Chongqing, Edinburgh, Hyderabad, Kyoto, Munich, Singapore and Tokyo. In the year ahead, Ascott plans to open about 10 new properties totalling about 1,500 units in Asia and the Gulf region.

Over the years, CapitaLand has created significant value for its shareholders along the entire real estate value chain and by building a capital efficient business model through REITs and real estate fund management. Ascott

has also embarked on the same business model for its growth. This approach can be accelerated further if Ascott were privatised. Therefore, in early 2008, CapitaLand launched an unconditional cash offer for Ascott with the aim of privatising it. We are now in the final stages of taking Ascott private and delisting it.

Management Changes

In Singapore, Jennie Chua became the President and CEO of The Ascott Group while Lynette Leong was appointed the CEO of CapitaCommercial Trust Management Limited.

In Australia, Australand had some senior management and board changes. Brendan Crotty retired after 30 years with the Australand Group and 17 years as Australand's Managing Director. He was replaced by Robert Johnston. Australand also has a new Chief Financial Officer, Tiernan O'Rourke. CapitaLand's Chief Corporate Officer Tham Kui Seng stepped down as Australand's Chairman, and resigned as non-executive director. Lui Chong Chee, who is the Chief Executive Officer of CapitaLand Residential, replaced Tham Kui Seng as Australand Chairman, while Olivier Lim, CapitaLand's Group Chief Financial Officer, joined the Australand board as a non-executive director.

Human Talent, Corporate Social Responsibility and Green Policy

In November 2007, we officially opened our CapitaLand Institute of Management and Business (CLIMB) to demonstrate our commitment to staff development and management, and make 'people' our winning edge. CLIMB will help differentiate us in a highly competitive business environment.

As a multinational company, CapitaLand strives to be a good corporate citizen both in Singapore and in the overseas communities within which we operate. We believe in giving back and promoting a sustainable environment for future generations. The establishment of our Group-wide Corporate Social Responsibility (CSR) division best exemplifies this commitment. This division spearheads all our CSR policies and practices within the Group.

Throughout 2007, the CapitaLand Hope Foundation (CHF) increased its efforts in charitable causes for underprivileged children in the areas of education, lodging and healthcare. CapitaLand commits up to 0.5% of the Group's net profit to the Foundation each year.

CapitaLand obtained the ISO14000 certification in 2007. The Group is committed to environmentally-sustainable practices as part of its CSR initiatives and we aim to be at the forefront of the industry in terms of green buildings and environmental awareness.



A CapitaLand staff member with students from CapitaLand Huangmaoling Hope School, Yunnan.

Looking Ahead: 2008 and Beyond

The downturn in the US housing market and the subsequent financial and credit problems have had a sobering effect on the rest of the world and moderated growth in major economies in the latter part of 2007. Although the outlook is now even less certain, the Group remains cautiously optimistic given our strong financial capacity and well-diversified portfolio.

Exporting real estate expertise overseas has been CapitaLand's forte and we will continue to grow overseas with our residential, office, retail, and hospitality development competencies. Besides Singapore, the core markets of China and Australia will continue to make significant contributions. As we replicate our successful business model in new growth markets, these markets will gradually contribute to our future earnings.

We plan to have more integrated developments and more REITs in Asia. Our ILEC business is expected to grow given that leisure and entertainment needs will increase with Asia's rising affluence. Ascott's eventual privatisation will allow CapitaLand and its various strategic business units to combine their resources and expertise to exploit the growth opportunities in the global real estate landscape.

2007 has been a very good year for CapitaLand and our shareholders. Over the past seven years since our formation, CapitaLand and its listed subsidiaries and associated companies have created total shareholders' returns of over S\$19.0 billion. This achievement has been made possible because management and staff are single-mindedly aligned to deliver shareholder return under the guidance of a distinguished Board of Directors. We want to acknowledge the invaluable contributions from outgoing Board Director Professor Robert Henry Edelstein, who will not be seeking re-election at the next annual general meeting. On behalf of the management and Board of Directors, we thank all staff, shareholders, business partners and associates, for your continued commitment and support of the CapitaLand Group.

Dr Hu Tsu Tau

Chairman

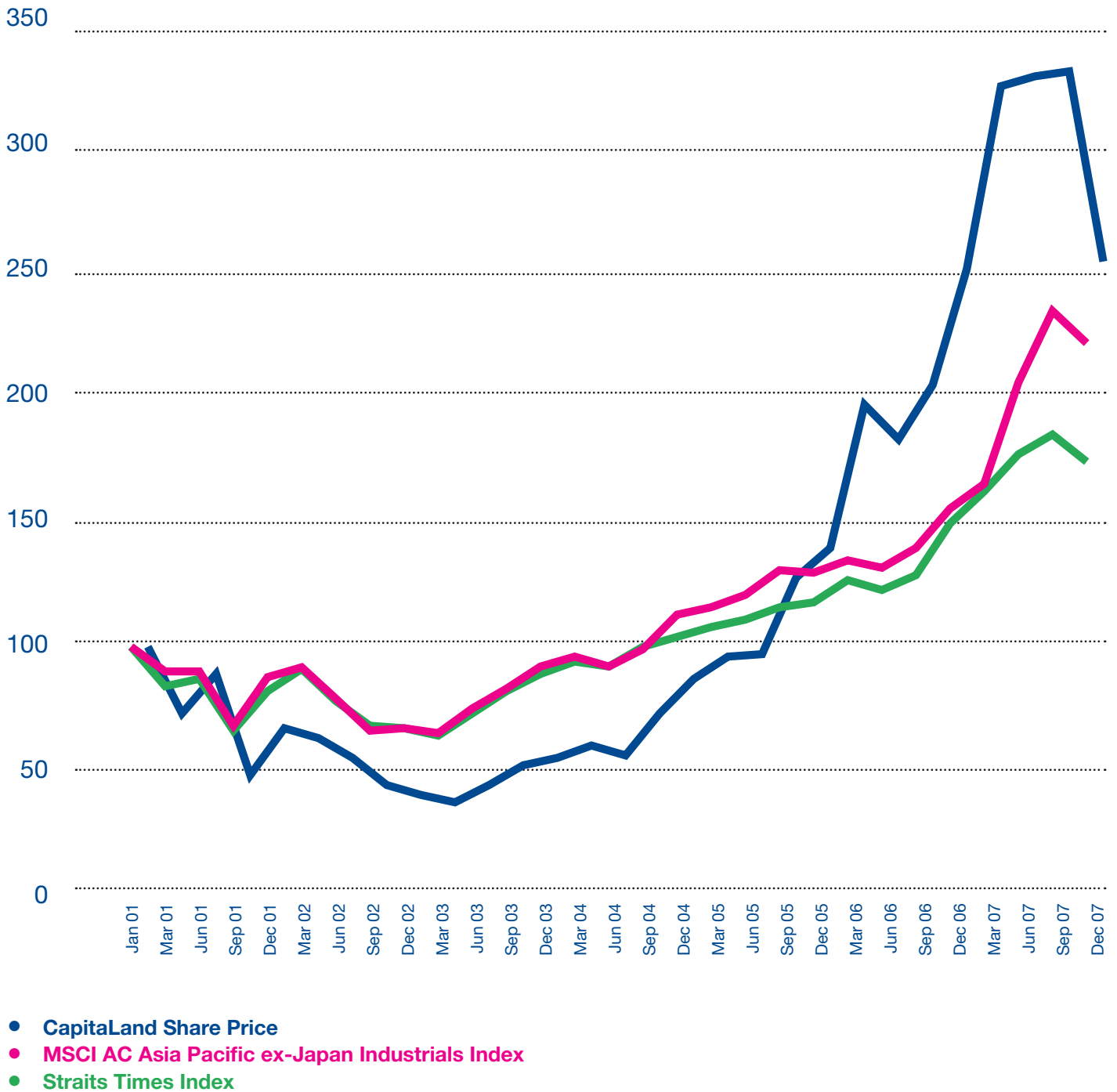
28 February 2008

Liew Mun Leong

President & CEO

7-Year Share Price Performance

Benchmark
Index



Source: Bloomberg

Financial Highlights

Record Profits, Record Returns

Profit Attributable to Shareholders: S\$2.8 billion **↑ 173%**

Earnings Per Share: 98.6 cents **↑ 169%**

Earnings Before Interest and Tax (EBIT): S\$3.8 billion **↑ 111%**

Return on Shareholders' Funds: 31.9% **↑ 120%**

Shareholders' Funds: S\$9.9 billion **↑ 35%**

Total Assets: S\$25.8 billion **↑ 25%**

Assets Under Management: S\$17.7 billion **↑ 24%**

Financial Calendar

Financial year ended 31 December 2007

Announcement of First Quarter Results	27 April 2007
Announcement of Second Quarter Results	31 July 2007
Announcement of Third Quarter Results	26 October 2007
Announcement of Full-year Results	22 February 2008
Annual General Meeting	29 April 2008
Books Closure Date	12 May 2008

Proposed Payment of 2007 Final Dividend and Special Dividend	23 May 2008
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Financial year ending 31 December 2008

Proposed Announcement of First Quarter Results	April 2008
Proposed Announcement of Second Quarter Results	July 2008
Proposed Announcement of Third Quarter Results	October 2008
Proposed Announcement of Full-year Results	February 2009

Board of Directors



Standing, left to right
Jackson Peter Tai *Director*
James Koh Cher Siang *Director*
Professor Robert Henry Edelstein *Director*

Seated, left to right
Arfat Pannir Selvam *Director*
Peter Seah Lim Huat *Director*



Standing, left to right
Richard Edward Hale *Director*
Professor Kenneth Stuart Courtis *Director*

Seated, left to right
Hsuan Owyang *Deputy Chairman*
Dr Hu Tsu Tau *Chairman*
Liew Mun Leong *President
& Chief Executive Officer*

Not in picture
Lim Chin Beng *Director*
Dr Victor Fung Kwok King *Director*

Board of Directors

Dr Hu Tsu Tau

Chairman

Dr Hu Tsu Tau, a Non-Executive Independent Director, joined the CapitaLand Board on 13 April 2004 and was elected Chairman on the same day. He was last re-appointed as Director at CapitaLand's Annual General Meeting on 27 April 2007. He is also Chairman of CapitaLand's Investment Committee.

Dr Hu is presently Chairman of GIC Real Estate Pte Ltd and Fullerton 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.

From 1985 to 2001, he was a Cabinet Minister whose portfolio included the Trade and Industry, Health and Finance ministries. Prior to his ministerial appointment, Dr Hu was Managing Director of the Monetary Authority of Singapore (MAS) and GIC from 1983 to 1984. Before his appointments in MAS and GIC, he was with the Shell Group from 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 Doctorate in Chemical Engineering, both from the University of Birmingham, UK.

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 27 April 2007.

Mr Owyang is Chairman of CapitaLand's Finance and Budget Committee and Deputy Chairman of CapitaLand's Investment Committee. He sits on CapitaLand's Executive Resource and Compensation Committee and Nominating Committee. Mr Owyang is also Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST) and CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on the SGX-ST).

In addition, Mr Owyang is Chairman of Ayala International Holdings Limited and Director of MobileOne Limited, a company listed on the SGX-ST. He is the former Chairman of N.M. Rothschild & Sons (Singapore) Ltd and East Asian Institute. He also previously sat on the Board of N.M. Rothschild China Holding AG.

Mr Owyang served on the Board of Singapore's Housing & Development Board (HDB) from 1977 and was appointed Chairman of HDB in 1983 until his retirement in October 1998. Mr Owyang has 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 Bachelor of Science in Business Administration. He also holds a Master in Business Administration from Harvard University, USA.

Liew Mun Leong

President & Chief Executive Officer

Mr Liew Mun Leong is President and CEO of CapitaLand Group. He joined the Pidemco Land Board as Director on 1 January 1997. Pidemco Land merged with DBS Land to form CapitaLand in November 2000. Mr Liew continued to serve on the CapitaLand Board and was last re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He also serves on CapitaLand's Investment Committee, Nominating Committee, Corporate Disclosure Committee and Finance and Budget Committee.

Mr Liew is Chairman of CapitaLand Residential Limited, CapitaLand Commercial Limited, CapitaLand Retail Limited and CapitaLand ILEC Pte. Ltd. He is Deputy Chairman of CapitaLand Financial Limited, The Ascott Group Limited (CapitaLand's subsidiary listed on the SGX-ST) as well as the Deputy Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST), CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST), CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on the SGX-ST) and Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust listed on the

SGX-ST). He is also a Director of CapitaLand Hope Foundation, the Group's philanthropic entity.

Mr Liew has more than 30 years of experience in construction and real estate in Singapore and overseas. He has participated in a number of public sector infrastructural development projects in Singapore, including the development and construction of Changi Airport. For five years, he was CEO of Singapore Institute of Standards and Industrial Research (SISIR), a statutory board responsible for national standards and industrial research and development to support the manufacturing industry in Singapore. Later, he headed a regional public listed engineering and construction company headquartered in Singapore.

Mr Liew was elected the President of International Organisation for Standardisation (ISO) from 1997 to 1998. In 2006, he was named Outstanding CEO of the Year in the Singapore Business Awards. In 2007, he was conferred the CEO of the Year award (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards. He is currently the Chairman of Civil Aviation Authority of Singapore (CAAS). He is a member of the Singapore-China Foundation.

Mr Liew is a graduate of the University of Singapore with a Civil Engineering degree and is a registered professional civil engineer.

Lim Chin Beng

Director

Mr Lim Chin Beng, a Non-Executive Independent Director, joined the Pidemco Land Board as Director on 23 February 1998. Pidemco Land merged with DBS Land to form CapitaLand in November 2000. Mr Lim continued to serve on the CapitaLand Board and was last re-appointed as Director at CapitaLand's Annual General Meeting on 27 April 2007. Mr Lim is also Chairman of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Mr Lim is presently Chairman of The Ascott Group Limited (CapitaLand's subsidiary listed on the SGX-ST), CapitaLand Hope Foundation, Singapore Airshow & Events Pte Ltd, Changi Airport International Pte Ltd and Singapore Changi Airport Enterprise Pte Ltd. He sits on the Boards of StarHub Ltd (listed on the SGX-ST) and Pontiac Land Pte

Ltd. Mr Lim is also Chairman of Pontiac Land's Audit Committee and a Member of the Public Service Commission.

Mr Lim has 30 years of experience in the aviation industry beginning with 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. He was Chairman of Singapore Tourism Board from 1985 to 1989. Between 1991 and 1997, Mr Lim was Singapore's Ambassador to Japan.

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

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 28 April 2006. He is a Member of CapitaLand's Investment Committee and Finance and Budget Committee.

Mr Tai is presently Vice Chairman of The Islamic Bank of Asia Limited in Singapore and Supervisor of DBS Bank (China) Limited. He is also Member of Seoul International Business Advisory Council, Bloomberg Asia-Pacific Advisory Board and Harvard Business School Asia-Pacific Advisory Board.

Mr Tai was formerly the Vice Chairman and Chief Executive Officer of DBS Group Holdings (listed on the SGX-ST) and DBS Bank, and a Director of Singapore Telecommunications Ltd (listed on the SGX-ST). Prior to joining DBS Bank, Mr Tai was a senior regional manager for J.P. Morgan & Co. Incorporated in New York, Tokyo, and San Francisco, and a Managing Director of the Investment Banking Division.

Mr Tai is a graduate of Rensselaer Polytechnic Institute, USA, with a Bachelor of Science in Management. He also holds a Master of Business Administration from Harvard University, USA.

Board of Directors

Peter Seah Lim Huat

Director

Mr Peter Seah, a Non-Executive Director, joined the CapitaLand Board on 18 December 2001 and was last re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He is a Member of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Mr Seah is presently Chairman of SembCorp Industries Ltd, Singapore Technologies Engineering Ltd and Singapore Computer Systems Limited (all listed on the SGX-ST). He is also Deputy Chairman of Singapore Technologies Telemedia Pte Ltd and Global Crossing Limited, President Commissioner of PT Indosat Tbk and Chairman of LaSalle Foundation Limited.

Mr Seah is a Director of Chartered Semiconductor Manufacturing Ltd, STATS ChipPAC Ltd and StarHub Ltd (all listed on the SGX-ST), as well as Siam Commercial Bank Public Company Limited (listed on the Stock Exchange of Thailand) and Asia Mobile Holdings Pte Ltd. He sits on the Boards of Government of Singapore Investment Corporation Pte Ltd and GIC Special Investments Private Limited, and is a Member of Defence Science and Technology Agency and Singapore Chinese Chamber of Commerce & Industry. He is also the Honorary Treasurer of the Singapore Business Federation Council.

Mr Seah was President & CEO of Singapore Technologies Pte Ltd. Prior to the above appointment, Mr Seah was with Overseas Union Bank (OUB) from 1977 and became its President & CEO in 1991. Mr Seah retired as Vice Chairman and CEO from OUB on 30 September 2001.

Mr Seah is a graduate of the University of Singapore with an Honours Degree in Business Administration.

Richard Edward Hale

Director

Mr Richard Hale, a Non-Executive Independent Director, joined the CapitaLand Board on 10 February 2003 and was last re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He is also Chairman of CapitaLand's Audit Committee and a Member of CapitaLand's Risk Committee.

Mr Hale sits on the Board of The Ascott Group Limited (CapitaLand's subsidiary listed on the SGX-ST) and is

Chairman and Member of its Nominating Committee and Executive Resource and Compensation Committee, respectively. He is also Chairman of CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST).

Mr Hale is a Fellow of the Singapore Institute of Directors and also sits on the Boards of Sembcorp Industries Ltd and Wheelock Properties (Singapore) Limited (all listed on the SGX-ST) and BW Trust Management 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 was educated at Radley College, Abingdon, UK. He is a Fellow of the Chartered Institute of Bankers, London.

Professor Robert Henry Edelstein

Director

Professor Robert Edelstein, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005 and was last re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006.

Professor Edelstein is a Director of Medenomics, Inc, a private holding company in USA, and Tonti Fund in Ireland. He has served as a member of several prestigious Corporate Boards.

Professor Edelstein is presently Professor and Co-Chairman of the Fisher Center for Real Estate and Urban Economics. He joined the University of California in 1985. He also serves on the editorial boards of Journal of Housing Economics, International Real Estate Review, Journal of Property Research and the Journal of Real Estate Research.

He has been President and served on the Board of the American Real Estate & Urban Economics Association.

He is a member of the Board of Directors for the Asian Real Estate Society.

Professor Edelstein holds a Doctorate in Economics from Harvard University, USA.

Dr Victor Fung Kwok King

Director

Dr Victor Fung, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005 and was last re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006. He was a Member of CapitaLand's International Advisory Panel.

Dr Fung is presently Group Chairman of the Li & Fung Group of companies. He is Vice-Chairman of the International Chamber of Commerce from January 2007. He is also Chairman of the Greater Pearl River Delta Business Council, the Hong Kong Airport Authority, Hong Kong University Council and the Hong Kong – Japan Business Co-operation Committee. Dr Fung is a member of the Chinese People's Political Consultative Conference and a member of the Executive Committee of the Commission on Strategic Development of the Hong Kong Government. Dr Fung is an independent non-executive Director of Bank of China (Hong Kong) Limited and Orient Overseas (International) Ltd in Hong Kong, and the Baosteel Group Corporation in the People's Republic of China.

Dr Fung holds Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University, USA.

James Koh Cher Siang

Director

Mr James Koh, a Non-Executive Independent Director, joined the CapitaLand Board on 1 July 2005 and was last re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006. He is also Chairman of CapitaLand's Risk Committee and Corporate Disclosure Committee, a Member of CapitaLand's Audit Committee, and a Director of CapitaLand Hope Foundation.

Mr Koh is presently Chairman of Housing & Development Board and Singapore Deposit Insurance Corporation Limited. He sits on the Boards of Singapore Airlines Limited, UOL Group Limited and Hotel Plaza

Limited (all listed on the SGX-ST). He is also a Director of Singapore Co-operation Enterprise.

From 1997 to 2005, Mr Koh served as Chief Executive Officer of the Inland Revenue Authority of Singapore. In that capacity, he was both Commissioner of Inland Revenue and Commissioner of Charities. Prior to these appointments, Mr Koh was the Permanent Secretary of National Development, the then Ministry of Community Development, and Ministry of Education. Mr Koh has substantial experience in public administration having served in the Ministries of Finance, National Development, Community Development, Education and the Prime Minister's Office. He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002.

Mr Koh is a graduate of Oxford University, UK with a Bachelor of Arts (Honours) in Philosophy, Political Science and Economics. He also holds a Master of Arts from Oxford University, UK, and a Master in Public Administration from Harvard University, USA.

Arfat Pannir Selvam

Director

Mrs Arfat Selvam, a Non-Executive Independent Director, joined the CapitaLand Board on 2 January 2006 and was last re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006. She is a Member of CapitaLand's Audit Committee, Corporate Disclosure Committee, Nominating Committee and Risk Committee.

Mrs Selvam is presently Managing Director of Arfat Selvam Alliance LLC, a corporate finance law practice. With over 35 years in legal practice as a corporate finance lawyer, Mrs Selvam has been involved in several landmark Singapore acquisition transactions.

Mrs Selvam is also a Director of Singapore Health Services Pte Ltd. She was a Director of the Accounting and Corporate Regulatory Authority, a Member of the Senate of the Academy of Law and the Board of Legal Education. Mrs Selvam served as President of the Law Society of Singapore in 2003.

Mrs Selvam is a graduate of the University of Singapore with a law degree and was admitted to practise as an Advocate & Solicitor of the Supreme Court of Singapore in 1969.

Board of Directors

Professor Kenneth Stuart Courtis

Director

Professor Kenneth Courtis, a Non-Executive Independent Director, joined the CapitaLand Board on 14 February 2007 and was last re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He is a Member of CapitaLand's International Advisory Panel.

Professor Courtis is Founding Chairman of Next Capital Partners. He was formerly Managing Director and Vice Chairman of Goldman Sachs Asia, Managing Director, Chief Economist and Strategist of Deutsche Bank Group Asia, and a Director of CNOOC Ltd, Hong Kong. He is presently a Director of Noble Group Limited, a company listed on the SGX-ST.

Professor Courtis is one of the world's leading investment bankers and analysts of Asian economies. He has led a number of large, international corporate transactions centered on Asia, and pioneered a number of investment banking areas across the region. Widely sought after for his knowledge of how global market forces, financial and political developments, and corporate strategy interact, Professor Courtis advises major clients throughout the Asia-Pacific region, as well as in Europe and North America.

Professor Courtis also works closely with central banks, ministries of finance, and heads of government throughout Asia, and has been called on several occasions to advise the President of the USA, and the heads of government of several countries in Europe, North America, Asia, and the Middle East.

Professor Courtis has lectured at Keio and Tokyo Universities, Japan's two most prestigious educational institutions, l'Institut d'Etudes Politiques, Paris, and in universities in North America. He is a member of the boards, advisory councils, and trustee of a number of international firms, universities, and research institutes in Asia, Europe and North America.

Professor Courtis received his Bachelor degree from Glendon College in Toronto and a Master in International Relations from Sussex University, UK. He received a Master of Business Administration from INSEAD (the European Institute of Business Administration), and a Doctorate with honours and high distinction, from l'Institut d'Etudes Politiques, Paris.

Corporate Directory

Board of Directors

Dr Hu Tsu Tau

Chairman

Hsuan Owyang

Deputy Chairman

Liew Mun Leong

President & CEO

in order of date of appointment:

Lim Chin Beng

Jackson Peter Tai

Peter Seah Lim Huat

Richard Edward Hale

Professor Robert Henry Edelstein

Dr Victor Fung Kwok King

James Koh Cher Siang

Arfat Pannir Selvam

Professor Kenneth Stuart Courtis

Company Secretary

Low Sai Choy

Assistant Company Secretary

Ng Chooi Peng

Audit Committee

Richard Edward Hale (*Chairman*)

James Koh Cher Siang

Arfat Pannir Selvam

Investment Committee

Dr Hu Tsu Tau (*Chairman*)

Hsuan Owyang (*Deputy Chairman*)

Liew Mun Leong

Jackson Peter Tai

Olivier Lim Tse Ghow

Executive Resource and Compensation Committee

Lim Chin Beng (*Chairman*)

Hsuan Owyang

Peter Seah Lim Huat

Nominating Committee

Lim Chin Beng (*Chairman*)

Hsuan Owyang

Liew Mun Leong

Peter Seah Lim Huat

Arfat Pannir Selvam

Finance and Budget Committee

Hsuan Owyang (*Chairman*)

Liew Mun Leong

Jackson Peter Tai

Olivier Lim Tse Ghow

Corporate Disclosure Committee

James Koh Cher Siang (*Chairman*)

Liew Mun Leong

Arfat Pannir Selvam

Risk Committee

James Koh Cher Siang (*Chairman*)

Richard Edward Hale

Arfat Pannir Selvam

Registered Address

168 Robinson Road

#30-01 Capital Tower

Singapore 068912

Telephone: +65 6823 3200

Facsimile: +65 6820 2202

Registrar

M & C Services Private Limited

138 Robinson Road

#17-00 The Corporate Office

Singapore 068906

Telephone: +65 6227 6660

Facsimile: +65 6225 1452

Auditors

KPMG

16 Raffles Quay

#22-00 Hong Leong Building

Singapore 048581

Telephone: +65 6213 3388

Facsimile: +65 6225 6157

(Engagement Partner since
financial year ended

31 December 2005:

Eng Chin Chin)

Principal Bankers

- Australia and New Zealand Banking Group Limited
- Bank of China
- BNP Paribas
- Calyon
- Citibank N.A.
- Commonwealth Bank of Australia
- DBS Bank Ltd
- Industrial and Commercial Bank of China
- Malayan Banking Berhad
- Mizuho Corporate Bank, Ltd
- National Australia Bank Limited
- Oversea-Chinese Banking Corporation Limited
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- The Bank of East Asia, Limited
- The Bank of Tokyo-Mitsubishi UFJ, Ltd
- The Hongkong and Shanghai Banking Corporation Limited
- The Royal Bank of Scotland plc
- United Overseas Bank Limited
- Westpac Banking Corporation

International Advisory Panel

The CapitaLand International Advisory Panel (IAP) taps on the experience and expertise of corporate leaders of regional and global companies. The Panel meets at least once a year to advise, and exchange views with, CapitaLand management on global trends and regional developments, and to provide inputs on the Group's strategies and businesses.

The IAP is chaired by Mr Philip Yeo and currently has 10 members, comprising industry leaders and chief executives of global corporations from Asia, Europe and the US.

During the year, Mr Jan D. Doets and Ms Marjorie Yang retired from the IAP. CapitaLand would like to record its deep appreciation for their unstinting contributions.

The members of the CapitaLand IAP are:

Philip Yeo

*Special Advisor for
Economic Development
Prime Minister's Office, Singapore
Senior Advisor for Science
and Technology
Ministry of Trade and Industry,
Singapore
Chairman
SPRING Singapore*

Sir Alan Cockshaw

*Chairman
Cibitas Investments Limited
HPR Holdings Limited*

Professor Kenneth S. Courtis

*Founding Chairman
Next Capital Partners
Former Vice Chairman
and Managing Director
Goldman Sachs Asia*

Tan Sri Dr Ahmad Tajuddin Bin Ali

*Chairman
UEM Group Berhad*

Dr Fu Yu Ning

*Director & President
China Merchants Group Limited*

Aman Mehta

*Chief Executive Officer (Retired)
The Hongkong and Shanghai
Banking Corporation*

Professor Shawn Xu Xiaonian

*Professor of Economics and Finance
China Europe International Business
School*

Gail D. Fosler

*President and Chief Economist
The Conference Board, Inc.*

Thomas J. Barrack, Jr

*Chairman and Chief Executive Officer
Colony Capital, LLC*

Hiroshi Toda

*Deputy President and
Chief Operating Officer
Nomura Holdings, Inc.*

*CapitaLand IAP members who retired
in 2007:*

Jan D. Doets

*Consultant
J. D. Doets Consult B.V.*

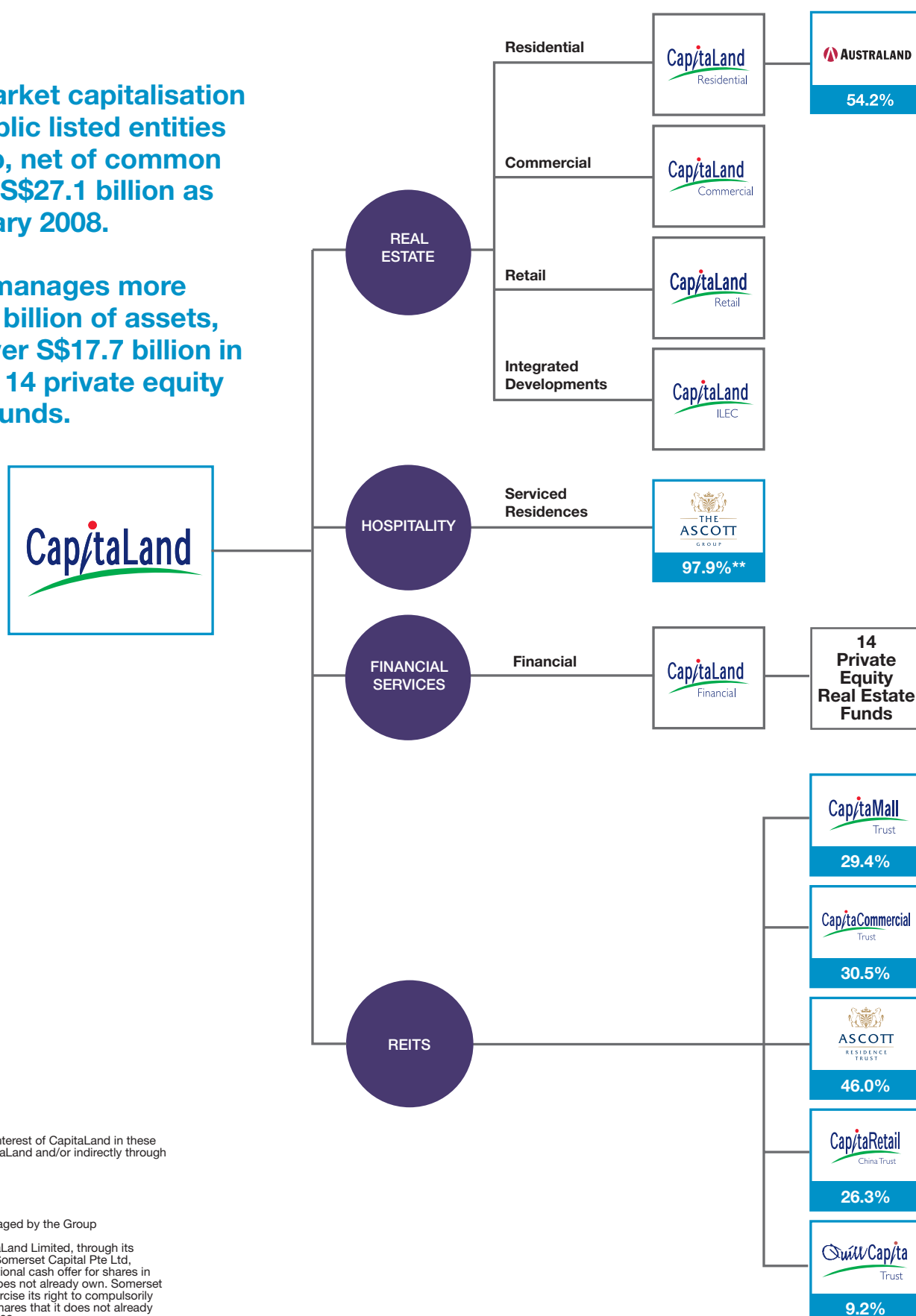
Marjorie Yang

*Chairman
Esquel Group*

Group Businesses

The total market capitalisation of the 8* public listed entities in the Group, net of common holdings, is S\$27.1 billion as at 28 February 2008.

The Group manages more than S\$43.5 billion of assets, including over S\$17.7 billion in 5 REITs and 14 private equity real estate funds.



Figures denote the effective interest of CapitaLand in these entities, held directly by CapitaLand and/or indirectly through its Group companies.

□ Listed Entities

* include listed entities managed by the Group

** On 8 January 2008, CapitaLand Limited, through its wholly-owned subsidiary Somerset Capital Pte Ltd, made a voluntary unconditional cash offer for shares in The Ascott Group that it does not already own. Somerset Capital will proceed to exercise its right to compulsorily acquire all the remaining shares that it does not already own on or after 16 April 2008.



Standing, left to right

Chan Say Yeong CEO, Quill Capita Management Sdn Bhd

Pua Seck Guan CEO, CapitaLand Retail Limited;

Co-CEO, CapitaLand Financial Limited;

CEO, CapitaMall Trust Management Limited

Tham Kui Seng Chief Corporate Officer, CapitaLand Limited

Chen Lian Pang CEO, Southeast Asia, CapitaLand Residential Limited;

CEO and Managing Director, TCC Capital Land Limited

Lui Chong Chee CEO, CapitaLand Residential Limited

Wen Khai Meng CEO, CapitaLand Commercial Limited;

Co-CEO, CapitaLand Financial Limited

Olivier Lim Group Chief Financial Officer, CapitaLand Limited

Lim Ming Yan CEO, CapitaLand China Holdings Pte Ltd;

CEO, CapitaLand Financial Limited (China Development)

Wong Heang Fine CEO, CapitaLand ILEC Pte. Ltd.

Kee Teck Koon Chief Investment Officer, CapitaLand Limited

Chong Kee Hiong CEO, Ascott Residence Trust Management Limited

Lim Beng Chee CEO, CapitaRetail China Trust Management Limited;

Chief Investment Officer, CapitaLand Retail Limited

Seated, left to right

Lynette Leong CEO, CapitaCommercial Trust Management Limited

Jennie Chua President & CEO, The Ascott Group Limited

Liew Mun Leong President & CEO, CapitaLand Group

Patricia Chia CEO, CapitaLand Residential Singapore Pte Ltd

Robert Johnston Managing Director and CEO,

Australand Holdings Limited

Council of CEOs

CORPORATE OFFICE

Liew Mun Leong

President & CEO, CapitaLand Group

Mr Liew Mun Leong is President and CEO of CapitaLand Group. Mr Liew is Chairman of CapitaLand Residential Limited, CapitaLand Commercial Limited, CapitaLand Retail Limited and CapitaLand ILEC Pte. Ltd. He is Deputy Chairman of CapitaLand Financial Limited, The Ascott Group Limited (CapitaLand subsidiary listed on the SGX-ST) as well as the Deputy Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust, Singapore's first real estate investment trust listed on SGX-ST), CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on SGX-ST), CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on SGX-ST) and Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust listed on SGX-ST). He is also a Director of CapitaLand Hope Foundation, the Group's philanthropic entity. Mr Liew also chairs the Civil Aviation Authority of Singapore (CAAS).

Mr Liew graduated from the University of Singapore with a Civil Engineering degree in 1970 and is a registered professional civil engineer. In 2006 he was named Outstanding CEO of the Year in the Singapore Business Awards. In 2007, he was named Chief Executive of the Year (for firms with market value of S\$500 million or more) in Business Times' Singapore Corporate Awards.

Kee Teck Koon

Chief Investment Officer, CapitaLand Limited

Mr Kee Teck Koon is the Chief Investment Officer of CapitaLand Limited. Concurrently, he is the Deputy Chairman of CapitaLand Commercial Limited and CapitaLand Retail Limited. He is also a non-executive Director of CapitaLand Financial Limited, CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and The Ascott Group Limited.

Prior to this, he was Managing Director and CEO of The Ascott Group Limited from November 2000 to April 2003.

Mr Kee holds a Master of Arts in Engineering Science from the University of Oxford, UK.

Tham Kui Seng

Chief Corporate Officer, CapitaLand Limited

Mr Tham Kui Seng is the Chief Corporate Officer of CapitaLand Limited. He is also a Director of The Ascott Group.

He was formerly the CEO of CapitaLand Residential Limited.

Mr Tham holds a Bachelor of Arts (First Class Honours) in Engineering Science from the University of Oxford, UK.

Mr Olivier Lim

Group Chief Financial Officer, CapitaLand Limited

Mr Olivier Lim is Group Chief Financial Officer of CapitaLand Limited. He is also a Director of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Australand, and an Alternate Director of The Ascott Group Limited.

Prior to joining CapitaLand Limited, he was Director and Head of the Real Estate Unit, Corporate Banking in Citibank Singapore. He has more than 18 years of work experience in diverse areas including corporate banking, investment banking, corporate finance and real estate financial products.

Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine, London. In 2007, Mr Lim was named the Chief Financial Officer of the Year (for firms with market value S\$500 million or more) in Business Times' Singapore Corporate Awards.

Council of CEOs

RESIDENTIAL

Lui Chong Chee

CEO, CapitaLand Residential Limited

Mr Lui Chong Chee is the CEO of CapitaLand Residential Limited. He is also the Chairman of Australand and joint Deputy Chairman of United Malayan Land. Mr Lui was formerly the Chief Financial Officer of CapitaLand Limited.

Prior to joining CapitaLand, Mr Lui was Managing Director of Citigroup Investment Bank (Singapore) Limited, responsible for debt and equity capital markets and financial advisory business in Singapore. He has 15 years of experience in investment banking.

Mr Lui holds a Master of Business Administration in Finance and International Economics as well as a Bachelor of Science in Business Administration (Magna cum Laude) from New York University, USA.

Patricia Chia

CEO, CapitaLand Residential Singapore Pte Ltd

Ms Patricia Chia is the CEO of CapitaLand Residential Singapore Pte Ltd. She also sits on the Boards of a number of subsidiaries and joint-venture companies. She has over 25 years of experience in project development and management, general management, and human resource and development.

Ms Chia has a Master 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.

Robert Johnston

Managing Director and CEO, Australand Holdings Limited

Mr Robert Johnston is the Managing Director and CEO of Australand Holdings Limited. He joined Australand on 1 August 2007 and has 20 years of experience in the property industry. Prior to joining Australand, Mr Johnston held senior positions within the Lend Lease Group, including Global CEO of Bovis Lend Lease, Chief Operating Officer of Lend Lease's Real Estate Investment Management Business in the US and CEO of Bovis Lend Lease in the Asia Pacific region.

Mr Johnston holds a Bachelor of Engineering degree (First Class Honours) from James Cook University, Australia.

Lim Ming Yan

CEO, CapitaLand China Holdings Pte Ltd

CEO, CapitaLand Financial Limited (China Development)

Mr Lim Ming Yan is the CEO of CapitaLand China Holdings Pte Ltd and CEO of CapitaLand Financial Limited (China Development), responsible for the Group's real estate development and financial operations in China. He was awarded the Magnolia Award by the Shanghai Municipal Government in 2003 and 2005.

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

Chen Lian Pang

CEO, Southeast Asia, CapitaLand Residential Limited

CEO and Managing Director, TCC Capital Land Limited

Mr Chen Lian Pang is the CEO of Southeast Asia for CapitaLand Residential Limited, responsible for the company's operations in Thailand, Vietnam and Malaysia. He is concurrently the CEO and Managing Director of TCC Capital Land Limited, CapitaLand's joint venture company with TCC Land in Thailand. He has more than 20 years of construction and real estate experience in both Singapore and overseas.

A registered professional engineer, Mr Chen holds a Master of Science in Civil Engineering from the National University of Singapore, and a Bachelor of Science in Civil Engineering (First Class Honours) from the University of Cardiff, UK.

COMMERCIAL/RETAIL/FINANCIAL

Wen Khai Meng

CEO, CapitaLand Commercial Limited

Co-CEO, CapitaLand Financial Limited

Mr Wen Khai Meng is the CEO of CapitaLand Commercial Limited and Co-CEO of CapitaLand Financial Limited. He is also a Director of CapitaCommercial Trust Management Limited and Quill Capita Management Sdn Bhd.

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.

Pua Seck Guan

CEO, CapitaLand Retail Limited

Co-CEO, CapitaLand Financial Limited

CEO, CapitaMall Trust Management Limited

Mr Pua Seck Guan is the CEO of CapitaLand Retail Limited and Co-CEO of CapitaLand Financial Limited. Concurrently, he is the CEO of CapitaMall Trust Management Limited, which manages CapitaMall Trust, the first and largest listed REIT by market capitalisation and asset size (as at 31 December 2007) in Singapore.

Mr Pua holds a Master of Science 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.

Lynette Leong

CEO, CapitaCommercial Trust Management Limited

Ms Lynette Leong is the CEO of CapitaCommercial Trust Management Limited, the manager of the first listed commercial REIT in Singapore.

Ms Leong has more than 20 years of international experience based in several key cities in the world with major real estate fund management, banking and financial institutions. Prior to joining CapitaCommercial Trust Management Limited, Ms Leong was the CEO of Ascendas' South Korea office where she spearheaded Ascendas' strong foothold in South Korea's real estate market.

Ms Leong holds a Bachelor of Science in Estate Management and a Master of Science in Real Estate from the National University of Singapore.

Lim Beng Chee

CEO, CapitaRetail China Trust Management Limited

Chief Investment Officer, CapitaLand Retail Limited

Mr Lim Beng Chee is the CEO of CapitaRetail China Trust Management Limited, which manages CapitaRetail China Trust, the first pure-play China retail REIT listed in Singapore. Concurrently, Mr Lim is the Chief Investment Officer of CapitaLand Retail Limited.

Prior to this, Mr Lim was the Deputy CEO of CapitaMall Trust Management Limited.

Mr Lim holds a Master of Business Administration (Accountancy) from the Nanyang Technological University of Singapore and a Bachelor of Arts in Physics (Honours) from the University of Oxford, UK.

Chan Say Yeong

CEO, Quill Capita Management Sdn Bhd

Mr Chan Say Yeong is the CEO and a Director of Quill Capita Management Sdn Bhd, which manages Quill Capita Trust, CapitaLand's first overseas-listed REIT.

Prior to this, he was a Managing Director of CapitaLand Financial Limited based in Malaysia.

Mr Chan holds a Bachelor of Accountancy from the National University of Singapore.

Council of CEOs

INTEGRATED DEVELOPMENTS

Wong Heang Fine

CEO, CapitaLand ILEC Pte. Ltd.

Mr Wong Heang Fine is the CEO of CapitaLand ILEC Pte. Ltd.. He is also the Country CEO in charge of developing CapitaLand's business in the Gulf Co-operation Council (GCC) region and Russia.

Prior to this, Mr Wong was President and CEO of Sembcorp Engineers and Constructors, the largest engineering and construction company in Southeast Asia. He also has varied experience in the leisure and entertainment industries.

Mr Wong holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

SERVICED RESIDENCES

Jennie Chua

President & CEO, The Ascott Group Limited

Ms Jennie Chua is President and CEO of The Ascott Group Limited and a Director of Ascott Residence Trust Management Limited and Ascott China Fund. Ms Chua is also Chairman of Sentosa Cove, Raffles Hotel, Old Parliament House, Community Chest, Singapore Film Commission, Khoo Teck Puat Hospital, International Advisory Council for Tourism, and the Tourism Industry Skills & Training Council. She is the 1st Deputy Chairman of the Singapore International Chamber of Commerce and the Deputy Chairman of CapitaLand ILEC, Temasek Foundation and the Singapore Workforce Development Agency. She sits on the boards of the National Healthcare Group, NYU Tisch School of the Arts – Asia, and MOH (Ministry of Health) Holdings, to name a few.

She is a member of the Temasek Advisory Panel and the Pro-Enterprise Panel. Ms Chua is a Justice of the Peace and also serves on the Board of Trustees of Nanyang Technological University, Singapore and Cornell University, New York, USA.

Chong Kee Hiong

CEO, Ascott Residence Trust Management Limited

Mr Chong Kee Hiong is the CEO of Ascott Residence Trust Management Limited (ARTML), a subsidiary of The Ascott Group. ARTML is the manager of Ascott Residence Trust (ART), the world's first pan-Asian serviced residence REIT listed in March 2006. As CEO of ARTML, Mr Chong is responsible for charting its business, investment and operational strategies. Mr Chong is also the Deputy CEO (Finance & Investment) of The Ascott Group.

Prior to this, Mr Chong was the Chief Financial Officer of Raffles Holdings Limited.

Mr Chong holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Corporate Office



Standing, left to right

Low Sai Choy

*Senior Vice President
Legal/Company Secretary*

Baey Yam Keng

*Vice President
Corporate Marketing
Corporate Social
Responsibility*

Basskaran Nair

*Senior Vice President
Corporate Communications*

Hubert Ladstatter

*Senior Vice President
Risk Management*

Tham Kui Seng

Chief Corporate Officer

Lynda Wee

*Senior Vice President
and Principal
CapitaLand Institute of
Management and Business*

Liew Mun Leong

*President &
Chief Executive Officer*

Harold Woo

*Senior Vice President
Investor Relations*

Kee Teck Koon

Chief Investment Officer

Olivier Lim

Chief Financial Officer

Sylvia Lee

*Senior Vice President
Human Resource*

Lai Choon Hung

*Deputy Chief
Corporate Officer*

Not in picture

*In alphabetical order
according to family name:*

Boaz Boon

*Senior Vice President
Research*

Monica Chia

*Senior Vice President
Internal Audit*

Anna Choo

*Senior Vice President
Treasury*

Chye Moi June

*Head
Group Tax*

Belinda Gan

Group Financial Controller

Rita Lau

*Senior Vice President
Corporate Planning*

Lim Soo Gee

*Vice President
Security Management*

Jeremy Soh

*Vice President
InfoNet*

Tan Seng Chai

*Senior Vice President
Human Resource
(takes over from Sylvia Lee
w.e.f. 1 March 2008)*

Corporate Governance

Report for the period from 1 January 2007 to 31 December 2007

CapitaLand observes high standards of corporate conduct in line with the Principles of the Code of Corporate Governance 2005 (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 the Group’s long term strategic objectives.

This Report on our corporate governance practices for financial year 2007 (“Report”) describes 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 helps 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 Affairs

CapitaLand is led by an effective Board comprising a majority of non-executive directors independent of Management. Each director brings to the Board his skills, experience, insights and sound judgment, which

together with strategic networking relationships, serves to further the interests of the Group. At all times, the directors are collectively and individually obliged to act in good faith and consider the best 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’s business.

The Board currently comprises 12 directors, of whom 11 are non-executive directors. They are business leaders and professionals with governmental, financial, banking, tax, trading, real estate, transport and legal background. Profiles of the directors are found on page 40 of this 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 Hu Tsu Tau who 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 strategic policies of the Group, including significant acquisitions and divestments, approving the annual budget, reviewing the performance of the Group’s businesses, and approving the release of the quarterly and full-year results. The Audit Committee is delegated the authority by the Board to review such results. A total of four Board meetings was held in 2007.

A table of the Board members’ participation in the various Board committees is set out on page 62 of this Report. This reflects each Board member’s additional responsibilities and special focus in the respective Board committees.

A table showing the attendance record of directors at Board meetings and Board committee meetings during the year is set out on page 63 of this Report. We believe in the manifest contribution of our directors beyond attendance at formal Board and Board committees meetings. CapitaLand’s directors who are all professionals with diverse experience are able to provide effective 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.

The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and signature of cheques 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 are 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. Upon appointment, each director is briefed and provided with a formal letter setting out the director's duties and obligations. Directors are also briefed and 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 Guidance

The Board comprises 12 directors, with 11 non-executive directors who are independent of Management. Of the 11 non-executive directors, 10 are independent non-executive directors, who are independent of the substantial shareholder.

This composition of the Board 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, and facilitates robust deliberation on the business activities of the Group.

The Board has established a Nominating Committee ("NC") which makes recommendations to the Board on all Board appointments and determines a director's independence. The NC considers Mr Jackson Peter Tai as an independent non-executive director notwithstanding his relationship with the Company in respect of Guidance Note 2.1(d) of the Code. Mr Tai was the Chief Executive Officer of DBS Bank which has rendered professional services to the Group in fees aggregating more than \$200,000 in financial year 2007. He is regarded by the NC as an independent director as he is able to exercise strong

independent judgment in his deliberations in the interests of the Company. He maintains a high standard of conduct, care and duty, and observes the ethical standards of his profession, and is most conscious of the need to disclose any conflict of interests arising from his other engagements. Professor Kenneth Stuart Courtis received payment of an amount of US\$10,000 in financial year 2007 for his position as a member of the Company's International Advisory Panel. The NC considers Professor Courtis as an independent director notwithstanding his relationship with the Company in respect of Guidance Note 2.1(c) of the Code as the amount is not significant and he is able to exercise strong independent judgement in his deliberations in the interests of the Company.

The Board is supported by Board committees to provide independent supervision of Management. Besides the NC, the other 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") and Risk Committee ("RC"). The AC, ERCC and RC are made up of independent or non-executive directors. Other Board committees may be formed as dictated by business imperatives.

Membership of the various Board committees is carefully managed to ensure an equitable distribution of responsibility among Board members,

Corporate Governance

Report for the period from 1 January 2007 to 31 December 2007

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 Board 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

The roles and responsibilities between the Chairman and the President and CEO are held by separate individuals. The non-executive Chairman, Dr Hu Tsu Tau, is responsible for the Board and acts 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 Board meetings and finalises the preparation of the Board meeting agenda. He ensures the quality and timeliness of the flow of information between Management and the Board. He is also responsible for ensuring that the Company complies 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 Lim Chin Beng as the Chairman, Mr Hsuan Owyang, Mr Liew Mun Leong, Mr Peter Seah Lim Huat and Mrs Arfat Selvam.

The majority of the NC members, including the Chairman, are independent non-executive directors.

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. In particular, the NC reviews and recommends:

- Candidates to be CapitalLand'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").

The NC sources for candidates who would 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.

The Company's Articles of Association require one-third of its directors to retire and subject themselves to re-election ("one-third rotation rule") by shareholders at every Annual General Meeting ("AGM"). In other words, no director stays in office for more than three years without being re-elected by shareholders.

The President and CEO, as 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 re-election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

Directors who are above the age of 70 are also statutorily required to seek re-appointment at each AGM.

Principle 5: Board Performance

We believe that Board performance is ultimately reflected in the long term performance of the Group.

The financial indicators, set out in the Code as guides for the evaluation of the performance 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 brief directors in advance 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 the 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 comprise Mr Lim Chin Beng as the Chairman, Mr Hsuan Owyang and Mr Peter Seah Lim Huat.

Corporate Governance

Report for the period from 1 January 2007 to 31 December 2007

All the members of the ERCC are non-executive directors; the majority of whom, including the Chairman, are independent. 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 ERCC is guided by its Terms of Reference. 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 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 aim of the ERCC 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.

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 in the light 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 the performance share plan and restricted stock plan framework for bonus, staff salary and other incentive schemes. Two meetings of the ERCC were held in 2007.

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 and share awards. The latter is conditional upon his meeting certain performance targets. The details of his compensation package are found in the Other Information section of this Report ("Other Information").

Non-executive directors have remuneration packages consisting of directors' fees, attendance fees and share awards pursuant to the Company's Restricted Stock 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 Other Information. 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 awards 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\$500,000 upwards in bands of S\$250,000 in the Other Information, 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. In view of the numbers involved, it is not practicable to give a breakdown of each individual's remuneration.

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

Details of the employee share schemes are given in the Directors' Report on Page FS10.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

CapitaLand believes in conducting itself in ways that deliver maximum sustainable value to our shareholders. CapitaLand promotes best practices as a means to build an excellent business for our shareholders and is accountable to shareholders for its 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 of Management to the Board.

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

CapitaLand was the first listed real estate group in Singapore to implement quarterly reporting in the third quarter of 2001, before it became a requirement by the Singapore Exchange Securities Trading Limited ("SGX-ST"). It shows CapitaLand's corporate intent to discharge its continuing obligation of prompt and thorough disclosures as practised by international standards, in view of the global reach of its businesses and shareholder base.

Principle 11: Audit Committee

CapitaLand's 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 independent directors, Mr James Koh Cher Siang and Mrs Arfat Selvam. The members bring with them invaluable managerial and professional expertise in the financial, tax and legal domains.

The AC is guided by Terms of Reference which defines its scope of authority. These Terms include review of the annual audit plan, adequacy of the internal audit process, results of audit findings and Management's response, adequacy and effectiveness of internal controls, and also Interested Person Transactions. The AC reviews quarterly and full-year results 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 also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the AC has introduced a Whistle Blowing Policy where employees may raise improprieties to the AC Chairman in good faith, with

the confidence that employees making such reports will be treated fairly and be protected from reprisal. The AC confirms that no reports have been received under the Whistle Blowing Policy thus far.

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, the system of internal control, and the significant comments and recommendations by the auditors.

A total of four AC meetings was held in 2007. The AC also held one meeting with the external auditors and internal auditors, without Management's presence.

Principle 12: Internal Controls

Principle 13: Internal Audit

CapitaLand believes that it has in place a system of internal controls to safeguard shareholders' interests and the Group's assets, and also 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 inter alia reviews the Group Finance Manual and the Group's annual budget, and the RC which oversees various aspects of controls and risk management of the Group. The activities of these Board committees are set out on page 61 of this Report.

Corporate Governance

Report for the period from 1 January 2007 to 31 December 2007

Based on the review of these Board committees, the Board, through the AC, is satisfied that there are adequate internal controls in place within the Group.

The Group has an Internal Audit Department (“CL IA”) which reports directly to the Chairman of the AC and administratively to the Group Chief Financial Officer (“Group CFO”). 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 these staff.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

CapitaLand’s Investor Relations and Corporate Communications Departments facilitate effective communications with the Company’s shareholders, analysts, fund managers and the media.

CapitaLand’s quarterly results for financial year 2007 were all released on a timely basis, within 45 days of the end of the relevant quarter.

CapitaLand continues to keep stakeholders and analysts informed of its corporate activities in Singapore and around the world on a timely and consistent basis. CapitaLand makes disclosures on an immediate basis as required under the Listing Manual of the SGX-ST, or as soon as possible where immediate disclosure is not practicable. Regular briefings and meetings for analysts and the media are held, generally coinciding with the release of the Group’s second quarter

and full-year results. During these briefings, Senior Management reviews the Group’s most recent performance and discusses the Company’s outlook. In the interest of transparency and broad dissemination, these briefings are webcast live and accessible to the public on the Group’s website at www.capitaland.com. Materials used in the briefings are also disseminated via SGXNET. Recordings of the briefings are archived on the website.

In the past year, Senior Management conducted over 680 meetings with institutional investors. Management also participated in investor conferences in New York, London, Hong Kong, Beijing, Shanghai, Abu Dhabi besides Singapore. In addition, CapitaLand pursues opportunities to keep its retail shareholders informed through the business media, website postings and other publicity channels.

CapitaLand supports 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 and reception thereafter, shareholders have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Company. The respective Chairpersons of the AC, NC and ERCC, and the external auditors, would usually be present at the AGM. Voting in absentia and by email may only be possible following careful study to ensure that the integrity of

the information and authentication of the identity of shareholders through the web are not compromised and legislative changes are effected to recognise electronic voting.

CapitaLand has won the “Most Transparent Property Company” given by the Securities Investors Association of Singapore for seven consecutive years from 2001 – 2007.

BOARD COMMITTEES

In addition to the NC, ERCC and AC described under Principles 4, 7 and 11, the Board of CapitaLand has set up four other Board committees as follows:

Investment Committee

The IC is chaired by Dr Hu Tsu Tau and comprises Mr Hsuan Owyang, Mr Liew Mun Leong, Mr Jackson Peter Tai and Mr Olivier Lim Tse Ghow, the Group CFO. The IC approves the CapitaLand Group’s investments and divestments, participation in tenders and bids and acceptance of credit facilities from financial institutions and banks.

Since 2000, the Board had approved the delegation of some of its authority to the various SBU Boards and management committees within strict limits. Apart from convening 10 formal meetings of the IC in 2007, the views of the IC and Board were actively sought by the SBUs, and the approval of the IC obtained where required.

Finance and Budget Committee

The FBC is chaired by Mr Hsuan Owyang and comprises Mr Liew

Mun Leong, Mr Jackson Peter Tai and Mr Olivier Lim Tse Ghow, the Group CFO. The FBC reviews the annual budget and financial policies of the CapitaLand Group.

In 2007, the FBC met three times to review the financial 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 reviews and approves updates to the CapitaLand Group Finance Manual.

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 James Koh Cher Siang as the Chairman, with Mr Richard Edward Hale and Mrs Arfat Selvam as members. There were four meetings of the RC held in 2007.

The RC’s role is to:

- Review the adequacy of CapitaLand’s risk management process;
- Review and approve in broad terms, the 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 Corporate 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.

Corporate Disclosure Committee

The CDC is chaired by Mr James Koh Cher Siang and comprises Mr Liew Mun Leong and Mrs Arfat Selvam.

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. The views and approvals of the CDC were sought throughout the year on various announcements and news releases issued by the Company.

DEALINGS IN SECURITIES

Taking into consideration 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 two weeks before the release of the Company’s results for the first three quarters and one month before the release of the Company’s full year results.

Directors and employees are also prohibited from dealing in securities of other listed companies in the Group while in possession of unpublished price-sensitive information by virtue of their status as directors and/or employees. They are also made aware of the applicability of the insider trading laws at all times.

Corporate Governance

Report for the period from 1 January 2007 to 31 December 2007

COMPOSITION OF BOARD AND BOARD COMMITTEES

Board Members	Audit Committee	Investment Committee	Executive Resource and Compensation Committee	Nominating Committee	Finance and Budget Committee	Corporate Disclosure Committee	Risk Committee
Dr Hu Tsu Tau		C					
Hsuan Owyang		DC	M	M	C		
Liew Mun Leong		M		M	M	M	
Lim Chin Beng			C	C			
Jackson Peter Tai		M			M		
Peter Seah Lim Huat			M	M			
Richard Edward Hale	C						M
Professor Robert Henry Edelstein							
Dr Victor Fung Kwok King							
James Koh Cher Siang	M					C	C
Arfat Pannir Selvam	M			M		M	M
Professor Kenneth Stuart Courtis (appointed as Director on 14 February 2007)							
Non-Board Member							
Olivier Lim Tse Ghow		M			M		

Denotes: C – Chairman DC – Deputy Chairman M – Member

MEETING ATTENDANCE OF BOARD AND BOARD COMMITTEES

	Board	Audit Committee	Investment Committee	Executive Resource and Compensation Committee	Finance and Budget Committee	Risk Committee
No. of Meetings Held	4	4	10	2	3	4
Board Members						
Dr Hu Tsu Tau	4		10			
Hsuan Owyang	4		8	2	3	
Liew Mun Leong	4		10		3	
Lim Chin Beng	4			2		
Jackson Peter Tai	4		6		3	
Peter Seah Lim Huat	4			2		
Richard Edward Hale	4	4				4
Professor Robert Henry Edelstein	4					
Dr Victor Fung Kwok King	4					
James Koh Cher Siang	4	4				4
Arfat Pannir Selvam	4	4				4
Professor Kenneth Stuart Courtis (appointed as Director on 14 February 2007)	3					
Non-Board Member						
Olivier Lim Tse Ghow			7*		2*	

* Mr Olivier Lim, the Group CFO, was away for the period from 31 August 2007 to 4 November 2007 attending Harvard Business School's Advanced Management Program.

Risk Assessment and Management

In CapitaLand, Risk Management is an integral part of the strategic and operational decision-making process at all levels of the organisation. All the risk management systems and methodologies are continuously reviewed and enhanced to respond to the constantly changing environment the company is operating in.

CapitaLand's predecessors had already established some risk management methodologies and policies in the mid-90s even before CapitaLand was incorporated in November 2001. Upon CapitaLand's formation, a comprehensive risk management framework was institutionalised across the Group. A three-member Risk Committee ("RC") that was established in 2002 provides supervision. In 2007, this was chaired by three independent board directors, namely, Mr James Koh Cher Siang, Mr Richard Hale and Mrs Arfat Selvam. The three were joined by CapitaLand Group President and CEO Mr Liew Mun Leong, and members of CapitaLand's senior management team. These members are assisted by an independent unit called the Risk Assessment Group ("RAG").

To assist the Committee, Mr Liew and senior management, RAG generates a comprehensive portfolio risk report that reviews and highlights the types of risks; it also evaluates their risk levels *vis-a-vis* the Group's assets and liabilities and prevailing market conditions. This report measures a broad spectrum of risks such as property market risk, construction risk, interest rate risk, refinancing risk and currency risk. It is presented at the RC meeting held quarterly.

One key reporting tool used is a generic Value-at-Risk (VaR) model adapted from the banking industry and tailored to the property industry. This is a comprehensive risk measurement tool that measures the potential value deterioration of all individual exposures of the Group using a historical simulation method. RAG uses a risk-adjusted system to determine country limits based on the sovereign risk ratings of internationally-recognised rating agencies. This helps the management avoid over-concentration risk and manage country transfer risk.

RAG employs a state-of-the-art risk evaluation system by using a contingent obligation risk registry to update and capture all the Group's contingent obligations arising from treasury activities, commercial business dealings and legal law suits on a regular basis. All these obligations are then objectively evaluated and priced using risk adequate pricing models like Monte Carlo simulation, Binomial Tree techniques and independent expert opinions.

At the individual project level, RAG prepares an independent risk evaluation report for all investment proposals above a stipulated investment value. In this report, specific value drivers and potential

risks of each proposal are highlighted and all parameters are benchmarked against objective market comparables and historical projects undertaken by the Group. RAG will from time to time recommend improvements in the project structures to mitigate the risks identified and improve the risk-return profile. Additionally, RAG is instrumental in calculating the weighted average cost of capital and risk-adjusted target return according to the risk profile in the various countries and business units that the Group is active in. This is to ensure that for every investment undertaken, the potential returns must commensurate with the risks undertaken so as to create value for the shareholders on a risk-adjusted basis. The risk evaluation report is then submitted to the respective business development team and approval authority.

To instill a risk awareness culture in business development teams and equip them with risk management skills, RAG has implemented the concept of front loading the risk management process to front office operations. This is done through regular interactive workshops that allow RAG and business development teams to share and pass on experiences learned from previous proposals. In 2007, RAG visited

several overseas offices to train the respective business development teams in the risk management process and exchange ideas, views and lessons learned. Concurrently, RAG visited several project sites to get updates and a better understanding of the local markets and competitors, to identify and mitigate new risks arising from changes in the local market conditions.

In conclusion, Risk Management in CapitaLand is an integral part of the strategic and operational decision-making process at all levels of the organisation. All the risk management systems and methodologies are continuously reviewed and enhanced to respond to the constantly changing environment the company is operating in. The outcome of this entire process is thorough risk governance, optimised risk-return relationship for the Group's investments and enhanced shareholders' value.

Innovation, Creativity, Entrepreneurship



ICE Tea with
ICE Personality
Ms Jennie Chua.

In 2007, 10 ICE Camps were conducted. 400 participants came from Australia, China, Japan, Philippines, Malaysia, Thailand and Singapore to network and generate ideas.

For CapitaLand, innovation, creativity and entrepreneurship are key success factors that will differentiate the Group from its competitors. With this in mind, the ICE (Innovation, Creativity, Entrepreneurship) programme was started in 2006 to be the 'entrepreneurial glue' that harnesses CapitaLand's real estate strengths – deep market and real estate domain knowledge, financial engineering skills, strong management bench and robust balance sheet – into one powerful whole. This Group-wide initiative aims to tap on the innovative spirit, creative energies and enterprising mindsets of all staff.

In 2007, 10 ICE Camps were conducted. 400 participants came from Australia, China, Japan, Philippines, Malaysia, Thailand and Singapore to network and generate ideas. A total of 350 ideas were submitted to ICE Berg, a platform that rewards staff when they contribute their ideas.

The objective of the ICE Camp is to equip participants with the framework and process to generate, evaluate and market ideas. The ideas can cover products, services, processes, business models and management practices – anything that can improve performance. Members of the senior management attend a presentation session at the end of the second day to consider these ideas and to help shape the ideas into something that can be implemented.

Besides ICE Camps, ICE-related events were conducted to promote networking in a fun setting and to stimulate learning beyond the classroom. These included sessions with "ICE personalities" like The Ascott Group President and CEO Jennie Chua and visits to companies known for having an "ICE tradition" like IKEA and 3M.

Investor & Media Relations

CapitaLand's Investor Relations and Corporate Communications departments work together to proactively keep all stakeholders informed and updated. In keeping with good corporate governance and disclosure best practice standards, we communicate regularly with shareholders, investors, analysts, fund managers and the media.

The Investor Relations department engages both local and foreign investment professionals through face-to-face meetings, teleconferences, conferences and road shows. In 2007 alone, we met with over 680 global investors and participated in 17 conferences and roadshows in Shanghai, Beijing, Hong Kong, London, Abu Dhabi, New York and Singapore. Site visits were also conducted to provide institutional investors a better understanding of our diverse geographical presence.

We also communicated regularly with existing and potential investors.

The Corporate Communications department strives to strengthen the Group's reputation, raise public understanding of the business, and maintain media relations as part of the Group's reputation management.

This involves arranging top management to meet up with key media in countries where we have significant presence, generating regional and international media coverage, and maintaining good media relations.

We invited various Singapore media to visit Bahrain Bay, Macao Studio City and Vietnam's Ho Chi Minh City where CapitaLand launched its high-end condominium project called The Vista; they were also present at the official openings of the CapitaRetail-SZITIC Jin Niu Mall in Chengdu and Xizhimen Mall in Beijing.

We visited various media in Japan to strengthen ties and in turn invited them to Singapore and China to improve rapport and give them a better understanding of CapitaLand.

In 2007, we continued our efforts to ensure an open and timely information flow. Besides posting all news and announcements on our corporate website at www.capitaland.com, we also uploaded all announcements and news on the Singapore Exchange website. We will revamp our corporate website to match our online look and feel with our reputation and branding as Southeast Asia's biggest real estate developer.

Going forward, Investor Relations and Corporate Communications will continually enhance the two-way communication between investors, the media, and CapitaLand. We will also ensure that all stakeholders are kept informed in a timely and consistent basis.

2007 Investor Relations Calendar

1st Quarter

Webcast – FY2006 Media & Analysts' Briefing
Release of Annual Report 2006 publication
BNP ASEAN Corporate Day (Singapore)
Merrill Lynch Non-Deal Roadshow (Hong Kong)
Credit Suisse Asian Investment Conference (Hong Kong)

2nd Quarter

Annual General Meeting
UBS Non-Deal Roadshow (USA, UK & UAE)
Release of 1Q2007 Results
Barclays Wealth Management Conference (Singapore)
Citigroup Asia Pacific Conference (Singapore)
CLSA Corporate Access Forum (Singapore)
Macquarie China Property Conference (China)
JP Morgan Asia Pacific Real Estate Conference (Thailand)
Hosted site visits to China for institutional investors

3rd Quarter

Nomura Asia Equity Forum (Singapore)
Webcast – 1H2007 Results Media & Analysts' Briefing
Goldman Sachs Non-Deal Roadshow (Hong Kong & China)
Nomura Global Real Estate Forum (Japan)
UBS China Property Day (Hong Kong)
CLSA Investors Forum (Hong Kong)
Goldman Sachs Non-Deal Roadshow (China)

4th Quarter

Macquarie International Real Estate Conference (UK & USA)
Release of 3Q2007 Results
Morgan Stanley Asia Pacific Summit (Singapore)
Hosted site visits to China and Vietnam for institutional investors

Human Resource



CapitaLand President & CEO Liew Mun Leong accepting the “Most Admired Asean Enterprise Award for Employment” (Asean Business Awards 2007) from Senior Minister Goh Chok Tong.

CapitaLand is a multinational company with a footprint that stretches over 100 cities in more than 20 countries, and we engage talents at a global level. We adopt a total rewards approach in hiring, developing and managing our employees by offering market-competitive compensation and benefits, a work environment that enhances employees’ well-being, and adopting a comprehensive talent management strategy.

To ensure that CapitaLand remains competitive and continues to attract and retain talent, it constantly benchmarks itself against different markets and innovates its compensation strategies. Accordingly, the Group replaced the Employee Share Option Plan with a performance-based Restricted Stock Plan in 2007. The Plan provides an attractive long-term incentive to employees, contingent on achieving a set of performance targets. This is to

better align employee and shareholder interest to deliver results.

CapitaLand prides itself on being proactive in providing a total well-being programme to help employees better manage their physical health, as well as handle any stress and personal issues that may arise. For example, in Singapore, besides a flexible benefits programme, regular talks and workshops are held to educate and encourage staff to live a balanced lifestyle. Topics range from

art appreciation as a form of therapy, to retirement and financial planning; from eating right to positive parenting. A comprehensive health screening is also widely available.

We recognise the diverse needs of our workforce and continue to enhance the Group's flexible benefits plan to enable staff to complement their personal medical and insurance needs, with those provided by the Company. In 2007, a flexible work arrangement policy was formalised to recognise the employee's need to balance work and family commitments. In addition, a HAPPY (Holiday Accommodation Programme Provided for You) programme was introduced in August 2007 to reward all CapitaLand staff with holiday accommodation at The Ascott Group's properties. This is to encourage staff to take a break with their family and rejuvenate themselves.

Our talent management strategy encompasses the recruitment, growth and retention of talent with close involvement of senior management. These include employer branding efforts, succession planning, leadership development programmes, and rotational assignments for growth of our employees and enrichment of the Group's talent pipeline.

As a multinational company, we embrace talents from all nationalities and we connect with global talent via various recruitment and engagement channels.

While local graduates are already familiar with the Group, the CapitaLand brand has also gained much mindshare prominence among young graduates in established varsity

campuses located in cities in Australia, Vietnam, the US and China. This is due to our regular participation in career fairs and roadshows targeting international students. CapitaLand has also hosted student delegations on overseas study missions to Singapore.

CapitaLand's talent management efforts have been highlighted in "Synergy", a publication by Contact Singapore. CapitaLand was featured as one of the more progressive home-grown MNCs that engages its communities and stakeholders for a sustainable future. The CapitaLand name has also appeared in targeted student career publications, both locally and overseas, featuring current employees who are alumni of the relevant institutions.

At the country level, our CEOs are the "talent recruiters" as they are constantly on the look-out for talents to join the Group. They also engage foreign talents via leadership forums and business discussion panels held in the various countries. For example, CapitaLand's Group President and CEO Liew Mun Leong spoke at a Harvard University seminar attended by both undergraduate and graduate students, and in Sydney at the Distinguished Business Leaders seminar organised by the Singapore government.

With CapitaLand's fast-growing business portfolio and employee population, people development is no longer a luxury, but a necessity. The establishment of CLIMB (CapitaLand Institute of Management and Business) in 2006 demonstrates CapitaLand's commitment to "Building People", and

to inculcate a learning culture to drive corporate performance. Through CLIMB, CapitaLand hopes to introduce best practices in learning, and sharpen the Group's competitive advantage. This will not only have a positive impact on its employees, but also its business partners and the community.

CLIMB's new campus at Sentosa was officially opened on 22 November 2007 by the President of Singapore, His Excellency Mr S R Nathan. CapitaLand's investment in this facility demonstrates its commitment to staff learning and development. CLIMB provides a conducive environment where learning activities are accepted as an integral part of working life. Since its inception in June 2006, CLIMB has conducted over 60 programmes for more than 1,450 participants.

CapitaLand's efforts in its investment in human resources and good human resource management practices have been well-recognised; it won the Most Admired Asean Enterprise Award for the Employment category in the prestigious Asean Business Awards in November 2007.

Corporate Social Responsibility



Children at the CapitaLand Hope School Dormitories, Wieng Kaen, Thailand.

CapitaLand is committed to be a good corporate citizen, with its corporate social responsibilities focusing on the environment, philanthropy and the community.

Environment

CapitaLand believes in building for the future by protecting the environment for future generations. Last year, it achieved ISO 14000 certification (environmental management system) for its corporate headquarters and all strategic business units in Singapore, as well as for its corporate offices and new projects in China. This is one of the most comprehensive certifications for any Singapore real estate company.

An environmental tracking system has also been established to monitor and improve the environmental management systems of all CapitaLand properties.

The CapitaLand Green Buildings Guidelines apply to all our major building development and management projects. In 2007, CapitaLand won the largest number of green building awards by the Singapore Building and Construction Authority. In addition, the retrofitted Plaza Singapura was the first runner-up at the ASEAN Energy Awards.

Various activities were organised to heighten green awareness and promote green initiatives within the Group. Besides regular training sessions and seminars, CapitaLand organised a private screening of “An Inconvenient Truth”, the Academy Award-winning documentary about climate change and global warming, for staff and tenants to mark Earth Day in April 2007.

Through Creative Youth Xchange, an initiative by the Singapore Ministry of Information, Communications and

the Arts, CapitaLand brought together youths of Asia Pacific to generate innovative and practical green ideas.

Corporate Philanthropy

CapitaLand commits up to 0.5% of its annual net profit to CapitaLand Hope Foundation (CHF), to create a better future for underprivileged children by meeting their educational, healthcare and living needs.

CHF launched the CapitaLand Kids Programme to provide direct financial support for needy children. To date, the programme has supported about 700 children in Singapore, Thailand and Vietnam.

The Foundation also launched the “Building for Tomorrow” programme last year. For every residential unit sold in China, RMB400 was set aside to benefit underprivileged children. The programme, which included public awareness and staff volunteerism

efforts, received Honourable Mention for Corporate Social Responsibility Campaign of the Year at the annual Asia-Pacific PR Awards last year.

CapitaLand also organises group-wide voluntary projects to engage staff and their family members. Last year, we launched a voluntary programme called PEEK (Providing Educational Exposure for Kids). PEEK takes place at CapitaLand properties and participants are introduced to the different aspects of the real estate business and how caring for the environment can go hand-in-hand with business objectives. The programme is designed for children of CapitaLand staff and kids supported by CHF.

CapitaLand also actively engages its tenants, residents and shoppers to take part in charitable activities, both in Singapore and overseas.

Community

Education

Education is the key to a better future for all. Every year, CapitaLand sponsors two overseas students to read the Master in Public Administration programme under the CapitaLand Lee Kuan Yew School of Public Policy Scholarship. This will help the Asian community develop talents who would play a significant role in the transformation of their economies.

CapitaLand also gives awards and bursaries to outstanding tertiary students in disciplines of real estate, retail management, hospitality and nursing.

Cultural Exchange

CapitaLand believes in promoting an understanding of the cultures between Singapore and other

overseas communities. CapitaLand supported the Singapore Season in Beijing and Shanghai, a Singapore government-led platform to showcase Singapore's unique multi-cultural heritage and vibrant arts scene in key global cities. CapitaLand was the Season Programme Sponsor for the Singapore Chinese Orchestra's performances with Beijing's Choir of China Song & Dance Theater and the Shanghai Opera House Chorus.

CapitaLand will continue to strengthen its commitment as a socially-responsible global corporate citizen, and to contribute to the societies within which it operates, and protect and promote a sustainable environment for future generations.

Location	Programme
China	- Funded two Hope Schools in Sichuan Province - Supported: - Beijing Disabled Persons Rehabilitation Service & Guidance Centre (as the Charity Sponsor of Singapore Season in China) - Shanghai Blind Children School - United Nations Children's Fund (UNICEF) - Sun Village, Beijing - Zhiguang School, Beijing - Students affected by landslides in Yunnan - Organised a 10-day staff volunteer teaching programme at the CapitaLand Huangmaoling Hope School, Yunnan
Europe	Partnered Mécénat Chirurgie Cardiaque to raise funds for underprivileged children with heart conditions
Japan	Supported the United Nations Children's Fund (UNICEF)
Malaysia	Supported the United Nations Children's Fund (UNICEF)
Philippines	Built three homes in Paranaque, Manila
Singapore	- Supported children's programmes under Community Chest, CareCorner, The Straits Times Pocket Money Fund, Rainbow Centre, The Haven and Gracehaven Children's Homes, MILK (Mainly I Love Kids), Pertapis Children's Home, Viriya-KK Children's Hospital Homecare, etc - Staff participation at: - PEEK programmes at Plaza Singapura, IMM, Capital Tower - SGX (Singapore Exchange) Bull Run - MILK (Mainly I Love Kids) Run
Thailand	- Sponsored three school farms in Nang Rong, Buriram - Built two school dormitories in Wieng Kaen, Chiang Rai
Vietnam	- Built a library for young orphans in Dong Nai - Provided medical and educational assistance to children living in rubbish dumps, Rach Gia. These included building of school facilities by staff volunteers and scholarships for these children.

We will continue to explore and apply technologies that allow our business units to conduct their businesses and collaborate seamlessly as a Group.

The Group continues its push for Group-wide IT initiatives to streamline and coordinate the various Strategic Business Units' IT processes, systems and platforms. These include common IT infrastructure and services such as messaging service, file sharing and access, financial system, document management, Intranet, Virtual Private Network Access and Network Security.

The common IT infrastructure is based on a standardised single Data Centre, integrated hardware and software, pooled databases and a wide area network that covers Singapore and overseas offices. It lets the Group optimise the overall IT infrastructural cost amongst the SBUs and results in the inter-operability of the IT systems. We will continue to enhance the IT infrastructure for the Group through the use of various emerging and mature technologies such as virtualisation, Voice over IP (VoIP) and pervasive wireless communication and network availability. This will facilitate the various offices to collaborate more closely and effectively by using technology to bridge geographic barriers.

The implementation of the Group Financial System proceeded according to plan and to date, we have successfully implemented SAP Financial for all Singapore and overseas companies in countries like China, Malaysia and Bahrain. Implementation for the rest of the overseas locations, including the final phase for China, is expected to be completed by 2008.

Other Group-wide IT system implementations include the Workflow System that digitises current manual forms and processes to vastly improve the efficiency of existing work processes. The Directorship and Secretariat system was implemented to manage Secretariat information and data more efficiently and effectively. The Applicants' Information Management System, whereby its centralised databases allow for more effective management of the potential applicants within the Group.

Various Business Units' specific IT systems are also implemented to support the businesses. In Retail, the Centre Management Dashboard was implemented to give Centre Management Office a quick overview and analysis of all mall-related

activities and sales, so that decisions can be made with readily-available information and data. The Electronic Lucky Draw system, which also allows premium gift redemption, was introduced in our Singapore malls. Tenants' Point-of-Sales systems were also integrated into the malls, as well as streamlined workflow for electronic meter reading and billing for the tenants. We have implemented the Document Management and Repository System to facilitate proper filing and retrieval of documents for ISO90001 in the Commercial business unit. For the Residential business unit, Site Management and Resource Tracking System was implemented to allow efficient resource deployment and response at various sites.

We will continue to explore and apply technologies that allow our business units to conduct their businesses and collaborate seamlessly as a Group, as well as add value to individual SBU business propositions and process efficiency.

Year in Brief



Xiangmihu Mall,
Shenzhen

January

- CapitaLand, together with Malaysia's Quill Group, listed Quill Capita Trust (QCT), Malaysia's first new listing on the Main Board of Bursa Malaysia Securities Berhad for the year. QCT, which is CapitaLand's first overseas real estate investment trust (REIT), posted a 17% premium over its retail offer price of RM0.84 on the close of its first day of trading.
- CapitaLand sold US\$477.0 million (S\$730.7 million) worth of bonds backed by receivables from RiverGate, a joint-venture residential development in Singapore.
- CapitaLand signed a Share Purchase Agreement with eSun Holdings Limited, one of Asia's leading media and entertainment companies, for a 20% strategic interest in Macao Studio City. Macao Studio City will be one of Asia's first integrated leisure resort properties combining studios, retail, entertainment and world-class hotels. This is CapitaLand's first investment in Macau. On 10 January, CapitaLand held the groundbreaking of Macao Studio City in Cotai, Macau.
- CapitaLand China, together with China Charity Federation, initiated the "Building for Tomorrow" corporate social responsibility programme which is aimed at providing help to underprivileged children in China.
- CapitaLand's China retail footprint more than doubled to over 70 malls with six new acquisitions and Memorandums of Understanding (MOUs) signed. CapitaRetail China Development Fund (CRCDF), a US\$600.0 million (S\$933.8 million) closed-end private fund sponsored by CapitaLand, has acquired a 65% interest in six retail malls in China. CapitaLand also injected into CRCDF its equity stake in 14 retail malls. In addition, CRCDF has signed MOUs with a few Chinese parties to acquire over 35 retail malls located across China.

Year in Brief

- CapitaLand completed the compulsory acquisition of shares in Raffles Holdings Limited. Following this, Raffles Holdings has become an indirect wholly-owned subsidiary of CapitaLand.
- The Ascott Group signed a Memorandum of Understanding (MOU) with Mitsubishi Estate Co Ltd to develop a 160-unit serviced residence, Citadines Tokyo Shinjuku. Ascott will take a 40% stake in the venture while MEC holds the remaining 60%. When completed, it will be Ascott's first Citadines-branded serviced residence in Japan.

February

- Orchard Turn Developments unveiled the name for the Orchard Turn residential development, The Orchard Residences. 175 exclusive units are planned for the super-luxurious development. Orchard Turn, an integrated retail and residential development, is a joint venture project between CapitaLand and Hong Kong's Sun Hung Kai Properties.
- CapitaLand signed an agreement to acquire the Gillman Heights Condominium for S\$548.0 million through a collective sale. The 836,432 sq ft site is slated to be redeveloped into a 24-storey condominium with an estimated 1,200 units.

- The Ascott Group expanded into Russia through an MOU with Amtel Properties Development (Amtel) to establish a US\$100.0 million fund to launch 1,000 serviced residence units there by 2010. Ascott will also manage the 150-unit Somerset Strogino, Moscow, for Amtel.
- CapitaLand launched its maiden joint-venture residential project in Mumbai, India. The 590-unit development, called The Orchard Residency, saw strong buyer response.
- CapitaLand invested in a 13% stake in BLife Investment Corporation, a real estate investment trust (REIT) listed on the Tokyo Stock Exchange, for about JPY3.2 billion (S\$41.0 million). This made CapitaLand the largest stakeholder in BLife REIT. Concurrently, CapitaLand acquired a 33.4% stake in BLife's manager, Morimoto Asset Management, for about JPY200.4 million (S\$2.5 million).

- CapitaLand posted record profit of over S\$1.0 billion for FY2006. The Group posted profit after tax and minority interests (PATMI) of over S\$1.0 billion for FY2006, a 35.6% jump from the S\$750.5 million recorded in FY2005. This is the third consecutive year of record profit for CapitaLand.

- CapitaLand divested its strata-titled office space at the first and eighth to 15th storeys of Samsung Hub, an office building located in the Central Business District, for S\$152.9 million.
- The Ascott Group announced the divestment of Hotel Asia in Singapore for S\$147.0 million. Ascott reaped an estimated net gain of S\$22.2 million from the deal.

March

- TCC Capital Land launched Villa Rachatewi, a 603-unit, freehold condominium located in Phayathai Road, Bangkok. The development is tailored to the lifestyles of young families and executives.
- CapitaLand divested 8 Shenton Way (formerly Temasek Tower) to MGP Raffle for over S\$1,038.9 million. CapitaLand gained about S\$436.5 million from the transaction which CB Richard Ellis ranked as the top property deal in Asia in the first quarter of 2007.
- The Ascott Group secured a contract from Ascott Residence Trust to manage its first Ascott-branded serviced residence in the Philippines. The serviced residence, formerly known as Oakwood Premier Ayala Center, was re-branded as Ascott Makati.



Summit Residences, Ningbo

- CapitaLand and Maybank Group launched Malaysia Commercial Development Fund (MCDF) to invest in real estate development projects in Kuala Lumpur and the Klang Valley in Malaysia. CapitaLand's first Malaysian private real estate fund attracted strong investor interest of over three times. It closed at US\$270.0 million (S\$412.6 million) and was Malaysia's largest private real estate fund.
- CapitaLand China successfully launched the first phase of

apartments at the Summit Residences Ningbo. The development, which is located near the Bund in Ningbo City, will comprise a total of 870 mid- to high-rise apartments, a Grade A office tower, a shopping mall and a serviced residence.

April

- Orchard Turn Developments announced that Phase One of The Orchard Residences, comprising 98 units, were fully sold on a by-invitation only basis. These

apartments, located on low, mid and high floors, were sold to business partners, associates and referrals. The 98 units represent more than 50% of the exclusive 175-unit The Orchard Residences.

- CapitaLand completed its acquisition of a 95% stake in Shanghai Guang Nan Real Estate Development Co., Ltd, whose sole asset is a 1.5 million sq ft residential site located in Shanghai's Qingpu District. About 200 homes will be built on the site.

Year in Brief

- Buyers queued for a few days ahead of the launch of CapitaLand's The Seafront on Meyer, a 327-unit condominium located in the eastern part of Singapore.
- CapitaMall Trust (CMT) signed agreements to acquire the remaining stake in CapitaRetail Singapore (CRS) at a total asset price of S\$710.0 million. Structured in August 2003, CRS is a private retail property fund sponsored by CapitaLand. CRS owns three suburban malls, namely, Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall. The acquisition of the three malls is yield accretive and will grow CMT's asset size to over S\$5.4 billion.
- Raffles City Shopping Centre, the retail component of Raffles City, which is 60% owned by CapitaCommercial Trust (CCT) and 40% by CMT, planned to increase its retail Net Lettable Area (NLA) by about 41,000 sq ft under its Phase 1 asset enhancement work. Strong indications of interest for over 70% of the new retail NLA were received. Based on a capital expenditure of S\$55.8 million, the Phase 1 work was expected to increase incremental annual net property income by S\$7.0 million and produce an ungeared return on investment of 12.5%.
- The Ascott Group signed an agreement with Land Requisition Office of the Guangzhou Municipal People's Government to receive

compensation of RMB1.0 billion (S\$199.0 million) for the compulsory acquisition of the Masters Golf & Country Club. The site has been slated for the construction of the Guangzhou-Wuhan public railway lines.

May

- CapitaLand announced the successful close of Raffles City Bahrain Fund at US\$350.0 million (S\$531.0 million) to invest in the landmark Raffles City Bahrain integrated development. The fund is CapitaLand's 12th private equity fund and its second Shari'ah-compliant product. CapitaLand is the first Singapore-based real estate company to have undertaken such a landmark transaction in the Gulf Co-operation Council (GCC) region.
- CMT's Funan Digitalife Mall received the Urban Redevelopment Authority's provisional permission to erect a nine-storey commercial building utilising additional gross floor area of approximately 385,000 sq ft.
- CapitaLand acquired a residential site strategically located a stone's throw from the Forbidden City in Beijing. The development will be named Royal Residences Beijing and will comprise an estimated 17 luxurious apartments designed to resemble courtyard homes in the sky.

- CapitaLand achieved the highest conversion premium at 72% for its 2.95%, S\$1.0 billion convertible bond issue. The issue size of S\$1.0 billion is the largest ever in Singapore. With a 15-year final maturity and 72% conversion premium, the bonds are the longest dated and highest conversion premium unsecured convertible bonds issued in Asia ex-Japan. The bonds are convertible into new CapitaLand ordinary shares at a conversion price of S\$13.8871 per new share.
- CapitaLand China secured a prime residential site in Chengdu City, Sichuan Province, in a government land auction for about RMB1.2 billion (S\$233.5 million). By 2012, there will be 3,800 homes and complementary retail facilities built on the site. CapitaLand China Development Fund also committed to take a 70% stake in the development.

June

- The Ascott Group signed a joint venture agreement with The Rattha Group to acquire its fourth and largest property in India, as part of their agreement to have seven properties there by 2010. Ascott will take a 40% stake in the 300-unit Citadines Chennai OMR Gateway.



CEO and Managing Director of Mubadala Development Company, His Excellency Khaldoon Khalifa Al Mubarak, speaking at the joint venture signing ceremony.

- As part of its asset enhancement initiatives, CCT reconfigured the space on the ground and ninth floors of Capital Tower for more efficient utilisation and signed leases with three upmarket retailers – Ermenegildo Zegna, The Marmalade Group and Bang & Olufsen to set up their stores on the ground floor of Capital Tower. In November, Thomas Pink announced the setting up of its first free-standing store at Capital Tower. Meeting rooms on the ninth floor were also amalgamated into larger office floor space for rent.
- CapitaLand signed a joint venture agreement with Mubadala Development Company to develop and manage a prime integrated development with residential, retail, sports and leisure components in the heart of Abu Dhabi, on the land surrounding the existing Zayed Sports City Stadium. This will be an outstanding landmark providing unique lifestyle experiences which will transform the way people live, work and play in Abu Dhabi. Mubadala, a strategic investment and development vehicle established and wholly-owned by the Government of the Emirate of Abu Dhabi, will hold a 51% stake in the joint venture, while CapitaLand will own the remaining 49% interest.
- CapitaLand acquired Char Yong Gardens, a freehold site in the prime Orchard Road district, through a collective sale for S\$420.0 million. A luxurious condominium with an estimated 130 generously-sized apartments will be built. CapitaLand also acquired Farrer Court for about S\$1.3 billion, with plans to redevelop the site into an estimated 1,500 homes.

Year in Brief

- CapitaLand announced the sale of its 50% stake in Raffles Hospital for S\$66.9 million to Raffles Medical Group. CapitaLand recorded a gain of approximately S\$38.5 million from the sale.
- The Ascott Group extended its reach to Munich, Germany, by buying a serviced residence for €21.8 million (S\$45.1 million). The 146-unit Citadines Munich Arnulfpark is expected to be completed in 2009.
- CapitaLand signed a Co-operative Agreement with Vanke, China's largest residential developer, further strengthening its retail footprint in China. Under the Co-operative Agreement, CapitaLand will formulate the retail asset plan of all identified retail components, mutually agreed between CapitaLand Retail and Vanke, which are currently being developed or are to be developed within Vanke's residential townships. These retail assets will be jointly developed with Vanke and will be acquired at the appropriate time. The same partnership arrangement will be employed for potential greenfield residential township projects, which Vanke intends to participate in China.
- Orchard Turn Development, the mixed-use retail cum super-luxury residential development situated along Singapore's premier shopping street, Orchard Road, announced the brand name and landmark features for its retail component, ION Orchard. ION Orchard is targeted to be completed by the first quarter of 2009.
- The Ascott Group acquired its first property in Edinburgh, Scotland for £24.7 million (S\$76.1 million). The property, located in the heart of Edinburgh's city centre, will open as Citadines Edinburgh Quartermile.
- CapitaLand entered into a Sale and Purchase Agreement with CapitaCommercial Trust for the sale of the office and retail components in Wilkie Edge at S\$182.7 million. Wilkie Edge will be a 12-storey mixed-use development comprising office, retail and serviced apartments when completed in the fourth quarter of 2008.
- TCC Capital Land launched the freehold, 636-unit Villa Sathorn located on Krungthongburi Road, Bangkok.
- CapitaLand established two new retail property funds, CapitaRetail China Development Fund II and CapitaRetail India Development Fund, which closed in September 2007 and November 2007 respectively. The two funds, each worth US\$600.0 million, have a combined fund size of US\$1.2 billion (approximately S\$1.8 billion).
- The Ascott Group ventured into Kazakhstan with management contracts from Tsesna Corporation for the 200-unit Ascott Astana and the 120-unit Citadines Aktau. Ascott and Tsesna also agreed to establish a strategic framework to develop and manage serviced residences in Kazakhstan.

July

- CapitaLand sold US\$346.0 million (S\$525.2 million) worth of bonds backed by the receivables from two Singapore residential projects – The Metropolitan Condominium, a joint-venture project, and Scotts HighPark, a wholly-owned development. Both projects are fully sold.
- Malaysia Commercial Development Fund purchased a 40% stake in Lot J, Kuala Lumpur Sentral and a 39% stake in Lot D, Kuala Lumpur Sentral. Lot J will be developed into a 29-storey office building with a nine-storey podium. Lot D will be developed into two serviced apartment blocks with ancillary retail amenities.

August



- The Ascott Group boosted its senior management bench strength with the appointment of Jennie Chua as President and CEO. She will be supported by two deputies – Chong Kee Hiong, Deputy CEO (Finance & Investment), and Gerald Lee, Deputy CEO (Operations).
- CapitaLand signed conditional joint venture agreements with Azure City Co., Ltd and its affiliate respectively for two residential sites in District 9 in Vietnam's Ho Chi Minh City. CapitaLand, which will take a 75% stake in both joint ventures, plans to build approximately 300 luxurious villas on one site and an estimated 1,200 apartments on the other.
- CapitaLand acquired Gurney Plaza, Penang and MINES Shopping Fair, Selangor in Malaysia for over RM1.2 billion (approximately S\$527.1 million). Gurney Plaza and MINES will form the first two seed assets for the proposed CapitaLand-sponsored pure-play Malaysian retail real estate investment trust.
- CapitaLand China secured a commercial site in Shanghai's Zhabei District for RMB598.1 million (S\$119.6 million) in a government land auction. The 218,615 sq ft site will be developed into quality offices and a high-end hotel or serviced residence along West Guangzhong Road in the increasingly prominent commercial area of Ling Shi.
- CapitaLand completed the purchase of the remaining 50% stake in Eureka Office Fund Pte Ltd (EOF), which owns the Grade A office building 1 George Street and 163 strata-titled units (comprising both office and retail) in The Adelphi, for S\$590.6 million.
- The Ascott Group signed an agreement to acquire interest in a leasehold serviced residence in Singapore for S\$79.3 million. The 154-unit Citadines Singapore Mount Sophia will be Ascott's first Citadines in the city. It will be part of Wilkie Edge, an integrated lifestyle development comprising offices, retail, food and beverage outlets.

September



- Quill Capita Trust (QCT) successfully placed 151.4 million new units to raise proceeds of RM225.9 million (S\$97.1 million). This will be partly used to finance the acquisition of Wisma Technip and part of Plaza Mont' Kiara for RM215.0 million (S\$92.4 million). The acquisition will widen QCT's geographical diversification and enlarge its tenant base.
- CapitaLand successfully established the CapitaRetail China Development Fund II with a fund size of approximately US\$600.0 million (S\$900.0 million). CapitaLand holds a 45% stake in the fund whilst the remaining stakes are held by insurance companies, pension funds and corporations. Similar to CapitaRetail China Development Fund, which also has a fund size of US\$600.0 million, CapitaRetail China Development Fund II will invest in retail mall development projects located in the People's Republic of China.

Year in Brief



After launching the new Raffles City logo, Singapore Minister Mentor Lee Kuan Yew (in grey suit) views the model of Raffles City Bahrain.

- CapitaLand and Rock Productions invested S\$660.0 million to develop an integrated civic, cultural, retail and entertainment hub at Vista Xchange, one-north, expected to be completed by 2011. The integrated hub will comprise two zones – an eight-level Civic and Cultural Zone measuring over 322,920 sq ft in gross floor area (GFA), and a four-level Retail and Entertainment Zone spanning 258,336 sq ft in GFA. Rock will develop the Civic and Cultural Zone at about S\$280.0 million, while CapitaLand will invest another S\$380.0 million to develop the Retail and Entertainment Zone.
- The Retail and Entertainment Zone will comprise two levels above ground and two below. It will have an 'open-concept with a spiral design', allowing visitors to stroll casually along a gently sloping spiral walkway to visit the various floors. The integrated hub will enjoy direct connectivity to the Buona Vista MRT station via the Retail cum Entertainment Zone on Level 1.
- TCC Capital Land acquired a freehold site at Sukhumvit in Bangkok with a potential GFA of 597,827 sq ft, to build 810 residential units.
- CapitaLand sold its effective 45% stake in AIG Tower, a Grade A office building in Central, Hong Kong, to American International Assurance Co. for about HK\$1.8 billion (S\$354.9 million). This was accomplished through the sale of shares in Grand Design Development Limited for about HK\$1.8 billion, which was based on the agreed price of about HK\$8.1 billion (S\$1,577.9 million) for the property.
- CapitaLand Hope Foundation (CHF), the philanthropic arm of CapitaLand Limited, made its biggest donation to date by giving S\$1.0 million to 10 charities.



The Ascott Group ventures into Georgia with partner Amtel Properties Development.

- CapitaLand completed the sale of its 50% stake in Chevron House (formerly Caltex House), a Grade A office building in the Downtown Core valued at S\$730.0 million. CapitaLand gained approximately S\$150.5 million from the sale.
- Sichuan CapitaLand Zhixin launched Luff Egret, a 1,485-unit residential development located in Wenjiang, Chengdu, to good buyer response. The development, which presides over the Jiang'an River, will be an icon for waterfront living set against a 1950s renaissance European backdrop.

October

- CapitaCommercial Trust Management Limited, the manager of CapitaCommercial Trust, appointed Lynette Leong as its new CEO and member of the Executive Committee.
- CapitaLand celebrated the 21st anniversary of Raffles City Singapore and also launched a new logo for the iconic Raffles City brand. The celebration was held at the Raffles City Convention Centre and was officiated by Minister Mentor Mr Lee Kuan Yew.

- The Ascott Group entered Georgia through a contract from Amtel Properties Development to manage the 65-unit Citadines Tbilisi Freedom Square. The property will boost Ascott's expansion into the emerging Eastern European market.

Year in Brief

- Xizhimen Mall, Beijing, was officially opened by Singapore's Deputy Prime Minister and Minister of Home Affairs, Wong Kan Seng, and Vice Mayor of Beijing, Chen Gang. The mall, which is the retail component of Xihuan Plaza, is owned by CapitaRetail China Incubator Fund (CRCIF), a private retail property fund sponsored by CapitaLand. CapitaLand owns a 30% stake in CRCIF. Xizhimen Mall is the fourth retail mall managed by CapitaLand Retail in Beijing.
- CapitaLand officially launched The Vista condominium in Ho Chi Minh City, Vietnam, to overwhelming response. CapitaLand has an 80% stake in the joint venture project and will build 750 apartments, as well as some serviced residences, and complementary retail facilities on the site.
- Sichuan CapitaLand Zhixin acquired three adjacent land parcels in Chengdu City, Sichuan Province, for a total of RMB692.0 million (S\$137.4 million). The sites, located in Wenjiang District, will be redeveloped into a township comprising some 7,400 homes, a theme park, retail facilities, a five-star hotel and luxurious serviced villas.
- CapitaLand China unveiled plans to build two Hope Schools in Sichuan and Guangdong with donations from CapitaLand Hope Foundation. These new schools will add to the existing three CapitaLand Hope Schools in Yunnan to cater to the education needs of underprivileged children in rural China.
- The Ascott Group made its debut in Kyoto, Japan, by acquiring a prime site with Mitsubishi Estate Co Ltd for the development of the 126-unit Citadines Kyoto Gojo. Ascott will hold a 40% stake in the development.
- CapitaMall Trust successfully raised S\$352.1 million through a private placement of 97.0 million new units at about S\$3.63 per new unit.
- The Ascott Group signed an agreement to acquire a 208-unit serviced residence for RM112.5 million (S\$47.5 million). Somerset Ampang, Kuala Lumpur, will be Ascott's sixth property in Malaysia. It will be part of an integrated development which will house one of Malaysia's leading medical, heart and diagnostic centre, HSC Medical Centre.
- CapitaLand officially opened its learning and development campus on Sentosa called the CapitaLand Institute of Management and Business (CLIMB). The President of Singapore, His Excellency S R Nathan, officiated at CLIMB's opening, and also launched "Building People: Sunday Emails from a CEO", a book by CapitaLand President and CEO Liew Mun Leong.
- CapitaLand successfully established its first India private property fund, CapitaRetail India Development Fund, with a fund size of about US\$600.0 million (S\$880.0 million). CapitaRetail India will invest in retail mall developments in India. CapitaLand holds a 45.5% stake, amounting to US\$272.0 million (S\$400.0 million) in CapitaRetail India, whilst the remaining stakes are held by insurance companies, pension funds and corporations.

November

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- TCC Capital Land unveiled North Park Place, the first condotel development in Thailand. In addition to condominium facilities, the 128-unit, freehold development also provides its residents with a choice of concierge and butler services.



Singapore President S R Nathan presented with a copy of “Building People: Sunday Emails from a CEO” by CapitaLand President & CEO Liew Mun Leong.

December

- CapitaLand acquired a 70% stake in a well-located site at Almaty City in Kazakhstan. CapitaLand plans to build a residential and serviced apartment complex with an estimated 150 units on the site.
- CapitaLand acquired a 14.9% stake in a joint-venture company which will develop a 10-storey residential project with about 120 units in Kuala Lumpur. The 77,535 sq ft site is conveniently located along the Embassy Row and about five minutes from the Kuala Lumpur City Centre.
- The Ascott Group signed an agreement with The Rattha Group to acquire its fifth serviced residence in India. The 218-unit property, to be named Citadines Hyderabad Hitec City, is Ascott’s first serviced residence in Hyderabad. Ascott will take a 49% stake in the joint venture.
- CapitaLand acquired a 90% stake in Beijing Rising Harmony Real Estate Development Co., Ltd. for RMB9.0 million (S\$1.8 million). Beijing Rising Harmony owns the right to develop a residential site in Changping District, Beijing.
- The Ascott Group secured contracts from Ascott Residence Trust to manage its 18 rental housing properties with 509 units in eight wards in Tokyo.
- Australand appointed Lui Chong Chee as its new chairman, and Stephen Newton and Olivier Lim as non-executive directors.

Awards & Accolades 2007

Corporate Awards

CapitaLand

- Liew Mun Leong
Chief Executive of the Year
(for firms with market value of S\$500 million or more)
Singapore Corporate Awards
The Business Times
- Olivier Lim
Chief Financial Officer of the Year
(for firms with market value of S\$500 million or more)
Singapore Corporate Awards
The Business Times
- Lim Ming Yan
Outstanding Chief/Senior Executive of the Year (Overseas)
Singapore Business Awards 2007
- 2nd
Best Managed Company
Asia's Best Managed Companies
FinanceAsia
- Olivier Lim
Best CFO
Asia's Best Managed Companies
FinanceAsia
- 1st
Best Investor Relations
Asia's Best Managed Companies
FinanceAsia
- Winner
Most Transparent Company
(Property Category)
SIAS Investors' Choice Awards
Securities Investors Association
(Singapore) (SIAS)

- Winner
Most Admired Asean Enterprise Award for Employment
Asean Business Awards
Asean Business Advisory Council
- Winner
Real Estate & Construction In-House Team of the Year
Asian Legal Business Awards
Asian Legal Business
- One of the Best in Corporate Governance in Singapore
The Asset Magazine Benchmark Survey
- Grand Prix
Best Overall Investor Relations
IR Magazine South East Asia Awards
- Winner
Best Investor Relations Website
IR Magazine South East Asia Awards
- Harold Woo and Jonathan Kuah
Best Investor Relations Officer
IR Magazine South East Asia Awards
- Liew Mun Leong
Highly Commended
Best Investor Relations by a CEO
IR Magazine South East Asia Awards
- Highly Commended
Best Corporate Governance
IR Magazine South East Asia Awards

CapitaMall Trust

- Winner
Most Transparent Company
(REITs Category)
SIAS Investors' Choice Awards
SIAS
- 5th
Most Committed to Corporate Governance
FinanceAsia (Singapore)
- 7th
Best Managed Company
FinanceAsia (Singapore)
- 7th
Most Committed to Consistent Good Dividend Policy
FinanceAsia (Singapore)

CapitaCommercial Trust

- Runner-Up
Most Transparent Company
(REITs Category)
SIAS Investors' Choice Awards
SIAS

CapitaRetail China Trust

- Runner-Up
Most Transparent Company
(New Issue Category)
SIAS Investors' Choice Awards
SIAS
- Winner
Best Investor Relations for an IPO
IR Magazine South East Asia Awards

CapitaLand China

- Honourable Mention
Corporate Social Responsibility Campaign of the Year
Asia Pacific PR Awards 2007

- Gold Award
Building for Tomorrow
Shanghai Excellent Public
Relations Case 2007
Shanghai Public Relations
Association
- Certificate of Merit
Outstanding Contribution Towards
Fulfilling Corporate Social
Responsibility
China Association of Enterprise
with Foreign Investment
- Property Corporate Citizen
of the Year
4th China Real Estate
Innovative Actions
Sina.com and CMBC

Australand (Residential, Perth)

- Worksafe Platinum Award
Occupational Health and
Safety Awards
Australian Safety and
Compensation Council

Australand (NSW)

- Marketing Award 2007
NSW Housing Awards
Housing Industry Association (HIA)

TCC Capital Land

- Business Ethics Award 2007
Thai Chamber of Commerce
Board of Trade of Thailand

The Ascott Group

- Best Serviced Residence
TravelWeekly China
- Best Serviced Residence Brand
Business Traveller China Magazine

- Runner-up
Most Transparent Company
(Hotel & Restaurants Category)
SIAS Investors' Choice Awards
SIAS
- Best Serviced Residence Company
Business Traveller UK Awards 2007
Business Traveller UK Magazine
- Best Serviced Residence Brand
in Asia Pacific
Business Traveller Asia Pacific
Awards 2007
Business Traveller Asia Pacific
Magazine
- Best Serviced Residence (Group)
The TravelWeekly Asia Industry
Awards
- Ascott International Management
(2001) Pte Ltd
International Headquarters (IHQ)
Award
Economic Development Board,
Singapore
- 1st (China)
Top 100 Serviced Apartments
Award
China Association of Real Estate,
World Real Estate Academy,
World Executive Weekly Magazine,
The Wall Street Wire and China
Consumer Report
- Best Foreign-Invested Enterprise
(Vietnam)
2006 Golden Dragon Award
Vietnam Economic Times, in
conjunction with Ministry of
Planning and Investment (Vietnam)

- Ascott International Vietnam
50 Best Employers in Vietnam
Navigos Group, in association
with Thanh Nien newspaper and
AC Nielsen
- Best Serviced Residence Operator
TTG Travel Awards 2007
TTG Asia Media
- Runner-up
Serviced Apartment Vendor of
the Year
HR Vendors of the Year 2007
Human Resources Magazine

Commercial/Retail Projects

SINGAPORE

1 George Street

- Green Mark Gold
Green Mark Awards
Building and Construction
Authority (BCA)

Capital Tower

- Green Mark Gold
Green Mark Awards
BCA

Golden Shoe Car Park

- Green Mark
Green Mark Awards
BCA

HSBC Building

- Green Mark
Green Mark Awards
BCA

Market Street Car Park

- Green Mark
Green Mark Awards
BCA

Awards & Accolades 2007

CapitaLand Institute of Management & Business (CLIMB) @ Sentosa

- Green Mark Gold
Green Mark Awards
Building and Construction
Authority (BCA)

Clarke Quay

- Readers' Choice Award for Best
Precinct 2007
I-S Magazine Singapore

Funan DigitalLife Mall

- Water Efficient Building Award
Public Utilities Board Singapore
(PUB)

ION Orchard

- Green Mark Gold
Green Mark Awards
BCA

Lot One Shoppers' Mall

- Bronze
Universal Design Award
BCA
- Water Efficient Building Award
PUB

Plaza Singapura

- Green Mark Gold
Green Mark Awards
BCA
- 1st Runner-Up
Energy Efficient Building Award
(Retrofitted Category)
ASEAN Energy Award 2007
ASEAN Centre for Energy
- Water Efficient Building Award
PUB

Tampines Mall

- Water Efficient Building Award
PUB

CHINA

Wangjing Mall

- Green Mark
Green Mark Awards
BCA

Integrated Developments

SINGAPORE

Raffles City

- Green Mark
Green Mark Awards
BCA

Residential Projects

SINGAPORE

Casabella

- Certificate of Merit
Construction Excellence Awards
BCA

Glentrees

- Runner-up
FIABCI Prix d'Excellence 2007

Tanglin Residences

- Best Development Singapore
International Property Awards 2007

The Imperial

- Silver
SILA Professional Design Awards
Singapore Institute of Landscape
Architects (SILA)

The Metropolitan Condominium

- Green Mark Gold
Green Mark Awards
BCA

The Orchard Residences

- Green Mark Gold
Green Mark Awards
BCA

The Seafront on Meyer

- Green Mark Gold Plus
Green Mark Awards
BCA

The Shelford

- Certificate of Merit
Construction Excellence Awards
BCA

The Waterina

- Certificate of Merit
Construction Excellence Awards
BCA

CHINA

I-World

- Green Building Award
International Housing Association
- Gold
"Well-Planned & Eco-Friendly"
Urban Planning Society of China

La Forêt

- “High Quality Complex – Green and Humanistic Community” Award
13th China International Urban Construction Exhibition
Ministry of Construction of the People’s Republic of China

Xin Mao Tower

- Silver
National Quality Award 2007
National Construction Quality Award Committee

AUSTRALIA

Botanica

- NSW Housing Awards
Residential Lifestyle Development 2007
Housing Industry Association
- Awards for Excellence
Lifestyle Development 2007
Urban Development Institute of Australia (UDIA) NSW

Discovery Point

- Awards for Excellence
High Density Housing 2007
UDIA NSW

THAILAND

Athenee Residence

- Best Development Thailand
International Property Awards 2007

The Royal Residence

- Best Property Thailand
International Property Awards 2007
- Best Interior Design Thailand
International Property Awards 2007

Serviced Residences

Ascott Auckland Metropolis

- Australasia’s Leading Hotel
World Travel Awards 2007
- New Zealand’s Leading Hotel
World Travel Awards 2007

Ascott Beijing

- China’s Best Serviced Apartments
Forbes China

Ascott Shanghai Pudong

- Best Serviced Residence
Asia Pacific
Business Traveller Asia Pacific Awards
- China’s Best Serviced Apartments
Forbes China

Ascott Singapore Raffles Place

- Green Mark
Green Mark Awards
BCA

Somerset Olympic Tower Tianjin

- China’s Best Serviced Apartments
Forbes China

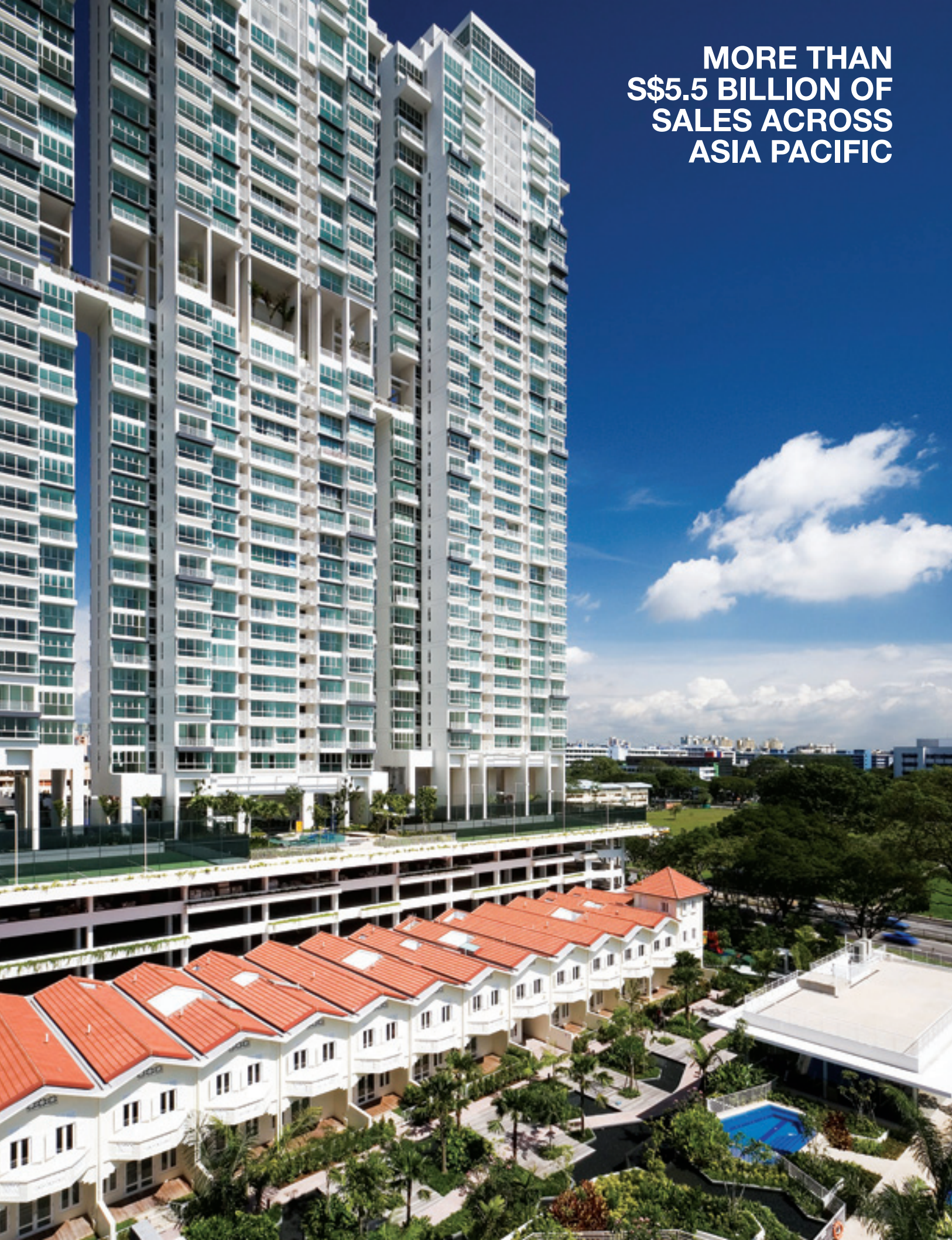
Somerset Palace Seoul

- Luxury Premier Serviced
Residence
The Korea Times

Somerset Serviced Residence Vietnam

- Excellent Performance for 2006
& 2007
Guide Award 2007
Vietnam Economic Times’
The Guide Magazine

**MORE THAN
S\$5.5 BILLION OF
SALES ACROSS
ASIA PACIFIC**



CapitaLand Residential



Left to right

Ho Kiam Kheong

SVP, New Markets, CapitaLand Residential Limited

Chen Lian Pang

CEO, Southeast Asia, CapitaLand Residential

Limited; CEO, TCC Capital Land Limited

Patricia Chia

CEO, CapitaLand Residential Singapore Pte Ltd

Lui Chong Chee

CEO, CapitaLand Residential Limited

Robert Johnston

Managing Director and CEO, Australand Holdings Limited

Lim Ming Yan

CEO, CapitaLand China Holdings Pte Ltd

“CapitaLand’s strategic intent is to maintain a dominant presence in our key markets of Singapore, Australia and China, even as we continue to extend our global reach to build additional growth platforms in Asia, through successful launches, land acquisitions and strategic partnerships. Looking forward, we seek to tap into the growth potential in these regions, and to enhance the recognition of CapitaLand as a world-class developer of homes, with an international presence.”

Lui Chong Chee

CEO, CapitaLand Residential Limited

In 2007, CapitaLand Residential (CRL) continued to build premier homes with strong value propositions for homebuyers across the Asia Pacific. The company achieved a consecutive year of sterling results on the back of strong contributions from its key markets of Singapore, Australia and China. During the year, CRL also focused on building upon its presence in high-growth Asian markets such as India, Thailand and Vietnam, through a series of successful launches and site acquisitions. These new markets will

provide a complementary geographic balance to the growth enjoyed by the company’s mainstay markets of Singapore, Australia and China.

Singapore

The Singapore residential market continued to perform well in 2007. CapitaLand was a pace-setter with a stellar performance for the year. It sold over 1,400 homes with a sales value amounting to more than S\$3.0 billion. CapitaLand’s reputation as a developer of premier homes was

sealed with the launch of its joint-venture residential project, The Orchard Residences. Targeted at the super-luxury segment of the market, The Orchard Residences set a new benchmark price in Singapore, achieving S\$5,600 per sq ft for a luxury penthouse. CapitaLand also launched The Seafront on Meyer to overwhelming response. The 327-unit development, which enjoys panoramic views of the sea and city skyline, saw buyers queueing a few days ahead of its official launch. The condominium was conferred the Green Mark Gold Plus Award by the Singapore Building and Construction Authority in recognition of its many environment-friendly features.

During the year, CapitaLand also signed agreements to acquire three major sites – Gillman Heights Condominium, Char Yong Gardens and Farrer Court – through collective sales. The three sites will add about 4.4 million sq ft of potential gross floor area to CapitaLand’s landbank for pipeline development. The company’s healthy landbank of well-located sites places it in a strong position to cater to Singapore’s myriad homebuying

“In 2007, we catered to the homebuying needs of not only affluent Singaporeans but also the heightened demand among savvy international buyers. With the Singapore government’s plans to remake the country into a global city with a target population size of 6.5 million, we saw the upswing in the mid to high-mid segments of the market and have replenished our landbank to cater to the future homebuying needs for these segments.”

Patricia Chia

CEO, CapitaLand Residential Singapore Pte Ltd



“Improved performance across all operating divisions and a quality investment portfolio supported the strong set of results achieved by the group this year. Looking ahead, we will continue to leverage on existing operating businesses to deliver organic growth while utilising core competitive advantages to complement and support new business initiatives.”

Robert Johnston

Managing Director and CEO, Australand Holdings Limited

needs over the next three to four years, especially in the mid to high-mid segments of the market.

Australia

Australand, CapitaLand's subsidiary in Australia, continued to perform strongly through the year with improved operating profit achieved across its Commercial & Industrial (C&I), Investment Property, and Residential divisions.

The C&I Division delivered some 4.1 million sq ft of high quality commercial and industrial properties to its customers during the year while the Investment Property Division continued to achieve growth from the C&I pipeline, external opportunities and from year-on-year growth in recurrent income from its existing portfolio of high quality assets. The geographic diversification of Australand's Residential Division stood it in good stead, with strong contributions from Western Australia and Victoria offsetting the tougher Sydney residential market.

During the year, the company also launched the Australand Wholesale Property Fund No. 6, consistent with arrangements that Australand had put in place with trusts established earlier. The fund is in line with the company's continuing strategy for Australand to become a diversified property group.

China

In 2007, demand in the broad residential market remained strong, underpinned by the country's continued economic growth, rising affluence and urbanisation. CapitaLand scaled up its presence in the country and consolidated its leadership position among foreign developers in China. The Group sold about 1,950 homes across China to achieve total sales value of nearly RMB5.0 billion (S\$920.0 million).

During the year, CapitaLand launched the first phase of its Summit Residences Ningbo project. In addition to the 870 apartments, a Grade A office tower, shopping mall, and serviced residences will be built on the site. Joint-venture company Sichuan CapitaLand Zhixin also started sales for Luff Egret, a 1,485-unit residential development along the Jiang'an River in Wenjiang, Chengdu. During the year, CapitaLand acquired six sites in Beijing, Shanghai and Chengdu for pipeline development. An estimated 11,000 homes will be built on these sites. Together with its partners, CapitaLand will have a pipeline to develop approximately 35,000 homes across China, in the Yangtze River Delta, Bohai Economic Rim, Pearl River Delta, and Central and Western regions.

CapitaLand China also develops and manages a portfolio of landmark

integrated developments and grade A offices. During the year, the company acquired a 434,377 sq ft site in Hangzhou where the fourth Raffles City complex in China will be built. The other Raffles City developments are located in Shanghai, Beijing, and Chengdu. CapitaLand China also expanded its commercial footprint with the acquisition of a 218,615 sq ft site in Shanghai's Zhabei District, where quality offices and a high-end hotel or serviced residence will be built.

Vietnam

Vietnam's rapid urbanisation and rising affluence has resulted in strong demand for quality housing, especially in its key cities, Ho Chi Minh City and Hanoi. Riding on this wave, CRL's maiden residential development – The Vista – saw overwhelming buyer response. The condominium, which enjoys panoramic views of the Saigon River and city skyline, has 750 generously-sized apartments. Located in Ho Chi Minh City's An Phu Ward in District 2, the development will also have serviced residences as well as office and retail facilities.

During the year, CRL acquired two additional sites in Ho Chi Minh City with plans to build 300 luxurious villas on one of the sites and a high-rise condominium on the other. With these acquisitions, CRL has a pipeline to develop 2,800 homes in Ho Chi Minh City.

“Through acquisitions, partnerships and organic growth, CapitaLand has expanded its operations in key gateway cities across China, scaling up our presence and consolidating our leadership position among foreign developers in the country. We will have a pipeline to build approximately 35,000 homes.”

Lim Ming Yan

CEO, CapitaLand China Holdings Pte Ltd

“We successfully launched a number of projects and acquired more sites for pipeline development in CapitaLand’s key new markets of Vietnam, Thailand and Malaysia. Riding on the countries’ rapid economic growth, we expect the operations in these high-growth markets to contribute significantly to the Group’s bottomline in the near- to mid-term.”

Chen Lian Pang

CEO, Southeast Asia, CapitaLand Residential Limited; CEO, TCC Capital Land Limited

In early 2008, CRL formed an alliance with Vietnamese company Nam Thang Long Investment Joint-Stock Company to secure prime development sites in Vietnam to build residential properties and mixed developments. In addition, CRL is also planning to set up a Vietnam real estate fund with an initial target size of US\$300.0 million.

Thailand

CapitaLand has a presence in Thailand through its joint venture company, TCC Capital Land. In 2007, the company launched the Villa Rachatewi and Villa Sathorn condominiums. The two developments, with 603 and 636 apartments respectively, are tailored to the lifestyles of young families and professionals. Both projects were very well received. In end-2007, TCC Capital Land also launched the 128-unit North Park Place, Thailand’s first “condotel”, which offers its residents a comprehensive suite of concierge and butler services to complement the condominium facilities.

During the year, TCC Capital Land acquired a freehold site at Sukhumvit,

Bangkok, with a potential gross floor area of 597,827 sq ft to build an estimated 810 residential units.

India

India is an important Asian country with a sizeable market. During the year, CapitaLand saw the successful launch of its maiden residential project, located in Ghatkopar, Mumbai. Together with its local joint-venture partner, CRL will build 590 elegant apartments, located conveniently next to a retail complex. The company will continue to explore opportunities to acquire prime development sites in Mumbai as well as in other key cities.

Malaysia

CRL has a presence in Malaysia through its associated company, United Malaysian Land (UM Land).

During the year, CRL acquired a 14.9% stake in a joint-venture company, which will develop a 10-storey residential project with about 120 units in Kuala Lumpur. The 77,535 sq ft site is conveniently located along the Embassy Row and about five minutes from the Kuala Lumpur City Centre.

CRL will continue to increase its presence in Malaysia, given the growth opportunities in the real estate market.

Kazakhstan

During the year, CRL made its first investment in Kazakhstan to tap into the potential of the oil-rich region. CapitaLand acquired a 70% stake in a well-located site at Almaty City, with plans to build a residential and serviced apartment complex with an estimated 150 units on the site.

Looking Ahead

Going forward, the three key markets of Singapore, Australia and China will continue to anchor CRL’s growth, underpinned by Singapore’s consistent and stable growth, a focused strategy in Australia and further expansion into China’s second-tier growth cities. At the same time, CRL will strengthen its presence in other Asian markets including India, Thailand and Vietnam, which would serve as its next platforms of growth.



The Vista is CapitaLand's maiden residential project in Vietnam. Located just 20 minutes from the city centre in Ho Chi Minh City's District 2, the condominium is in a traditionally wealthy neighbourhood with convenient amenities and international schools.

The 28-storey condominium is strategically situated to showcase the breathtaking panoramic views of the Saigon River and the city skyline, and thus was named The Vista. The development, which sits on a

sprawling 247,570 sq ft site, has 750 generously-sized apartments, a retail podium, office facilities and serviced residences.

These contemporary homes are set amidst extensive landscaping featuring lush flora and fauna, sky gardens and serene water features. There is also a comprehensive range of recreational and fitness facilities for the exclusive use of the residents, including a 50-metre lap pool, state-of-the-art clubhouse complete

with spa and sauna, a fully air-conditioned gymnasium, tennis court and putting green. The Vista is expected to be completed in 2011.

The launch for phases one and two of The Vista was very well received, with buyers queueing overnight to book one of the elegant apartments. Building upon the success of its first launch, CapitaLand will continue to develop well-designed homes for the residents of Vietnam.

**OVER 10.7 MILLION
SQUARE FEET
OF COMMERCIAL
AND INDUSTRIAL
FLOOR SPACE**



CapitaLand Commercial



Left to right
Jessie Yong
SVP, Marketing & Leasing,
CapitaLand Commercial Limited
Wong Jen Lai
SVP, Investment & Asset Management,
CapitaLand Commercial Limited
Wen Khai Meng
CEO, CapitaLand Commercial Limited
Ang Siew Yan
SVP, Finance & Corporate Services,
CapitaLand Commercial Limited
Poon Hin Kong
SVP, Design & Development,
CapitaLand Commercial Limited

“In 2007, we focused on proactive management of our portfolio, including divesting our matured assets in Singapore and abroad, repositioning our portfolio, as well as acquiring strategically, even as we divest. We will maintain a core portfolio of prime Singapore office buildings and expand our footprint to new high growth markets in other parts of Asia.”

Wen Khai Meng
CEO, CapitaLand Commercial Limited

CapitaLand Commercial Limited (CCL) is one of the largest owners/managers of office properties in the Singapore Downtown Core with 4.1 million sq ft of net lettable area of commercial floor space, including Grade A office buildings, in the heart of the financial and business district. It also owns four industrial properties in Singapore. This amounts to a total of over 6.0 million sq ft of commercial and industrial net lettable area. Overseas, CCL's footprint comprises over 4.7 million sq ft of floor space spanning gateway cities in Malaysia, China and the United Kingdom. In 2007, CapitaLand invested in a major

development project in Shinjuku, Japan, as well as a business park in Beijing, and successfully secured a site in Shanghai's Zhabei District.

CCL's success today can be attributed to its continued efforts to actively manage its property portfolio. Over the years, it has refurbished and enhanced properties like 6 Battery Road and Technopark@Chai Chee in Singapore to attract quality tenants, and also reconstituted its portfolio by divesting properties at the appropriate time in the property cycle, as well as investing selectively in key development projects locally and overseas.

In 2007, our divestments resulted in a total gain of about S\$918.5 million. With this gain, CCL is well-positioned to make strategic acquisitions and embark on asset enhancement initiatives to grow the value of its entire portfolio. CCL will continue with this strategy of proactive portfolio management in order to maximise returns.

Singapore

During the year, CCL divested several office properties in Singapore's Central Business District (CBD). In early 2007, it monetised its stake in 8 Shenton Way (formerly Temasek Tower), a landmark 52-storey commercial building, for a total of S\$1,038.9 million. The transaction was ranked the top property investment deal in Asia in the first quarter of 2007. CCL also sold its respective stakes in Raffles Hospital and Chevron House.

Even as it sold its matured assets, CCL acquired the remaining 50% stake in Eureka Office Fund (EOF). This resulted in the complete ownership of 1 George Street, an award-winning Grade A commercial building in the CBD, and 163 strata-titled office and retail units in The Adelphi.

CCL is poised to take advantage of the strong demand and tight supply in the Singapore office rental market in the next two years as about 60% of its office leases will expire progressively by 2009.

Earlier in the year, several asset enhancement initiatives were undertaken at various properties, including the reconfiguration of the lettable space at Capital Tower for better space utilisation. Meeting rooms on the ninth storey of the building were amalgamated into larger office floor space for rent. Space on the ground floor was also reconfigured for four upmarket retailers – Ermenegildo Zegna, The Marmalade Group, Bang & Olufsen and Thomas Pink.

China

The commercial property sector continued to be positive, underpinned by sustained demand for good quality office space. It was with this vision that CapitaLand began acquiring strategically-located sites for prime commercial developments. Through these developments, the Group has had the opportunity to showcase its extensive development expertise and position itself for new growth opportunities in the country.

In Beijing, the Group has a landmark office development named Capital Tower Beijing. It is situated in one of the best areas in the Beijing CBD, along Changan Street and close to where several embassies and consulates are located. The partially-constructed Capital Tower Beijing was acquired in 2006 and CapitaLand embarked on upgrading works to better cater to the needs of major international and local companies. Completed in July 2007, Capital Tower Beijing currently houses top

international tenants including Computer Associates, Black and Veatch, Kraft, Accenture, Hachette Advertising and China International Capital Corporation.

The Group also completed the acquisition of Red Diamond Plaza (IBM Centre) in Beijing for RMB175.0 million (approximately S\$34.2 million). This is a prime property located in Zhongguancun Software Park and has been fully leased to blue-chip anchor tenant IBM China.

In Shanghai, CapitaLand secured a commercial site in the Zhabei District for RMB598.1 million (S\$119.6 million). The site is strategically located in the Shanghai Multimedia Valley, just seven kilometres from the People's Square city centre. The 218,615 sq ft site will be developed into quality offices and a high-end hotel or serviced residence, and is expected to be ready in 2010.

In Hong Kong, CCL divested its effective 45% stake in AIG Tower to American International Assurance Co. for HK\$1.8 billion (S\$354.9 million), valuing the property at about HK\$8.1 billion (S\$1,577.9 million). A gain of approximately S\$248.5 million was recorded from the sale.

Malaysia

The Malaysian real estate market is undergoing a stage of rapid growth following the healthy economic performance over the past few years. Riding on this positive backdrop, CCL continued to expand and strengthen its footprint in Malaysia through Quill Capita Trust (QCT), which owns six properties in Cyberjaya and Kuala Lumpur, and the Malaysia Commercial Development Fund (MCDF).

MCDF has invested in a 40% stake in Lot J and a 39% stake in Lot D in KL Sentral, an exclusive urban centre built around Malaysia's largest transit

hub. MCDF's other projects are located in quality residential and commercial precincts including One Mont' Kiara, Vision City at the fringe of the KL City Centre, and a prime site in Sri Hartamas.

United Kingdom

CCL continued to actively manage its properties in the United Kingdom. Currently, CCL has a one-third interest in the iconic and landmark Derry and Toms Building, a mixed-use development at Kensington High Street, Central London, an office building at Derry Street and a residential building at Kensington Square.

During the year, CCL leased 100,000 sq ft of office space at Derry and Toms Building to Sony BMG for their European headquarters following the asset enhancement works at the building. Sony BMG is anticipated to move in in mid-2008. CCL also acquired the freehold interest of the building from Crown Estates.

Moving Ahead

Looking ahead, CCL will continue to maintain its position as a leading owner/manager of commercial property in Singapore while seeking opportunities to expand its footprint selectively overseas, particularly in the fast-growing new markets of India and Vietnam.

In line with CapitaLand Group's green policy, CCL will also make conscious efforts to adopt green features when building or upgrading its commercial projects. CCL aims to achieve Green Mark Gold certifications or other environmental best practice awards for its major commercial projects in the future.

Commercial cum residential development in Shinjuku, Tokyo, Japan



In 2007, CapitaLand invested in its first major development project in Japan. CapitaLand is collaborating with leading real estate developers Mitsubishi Estate Co., Ltd (MEC) and Heiwa Real Estate Co., Ltd to develop a commercial cum residential site in Tokyo's prime Shinjuku business district. The investment of a 20% stake (JPY32.0 billion) in the development is in line with the Group's strategy to establish partnerships with major local developers to build and manage prime real estate projects and to reinforce its presence as a long-term player in Japan.

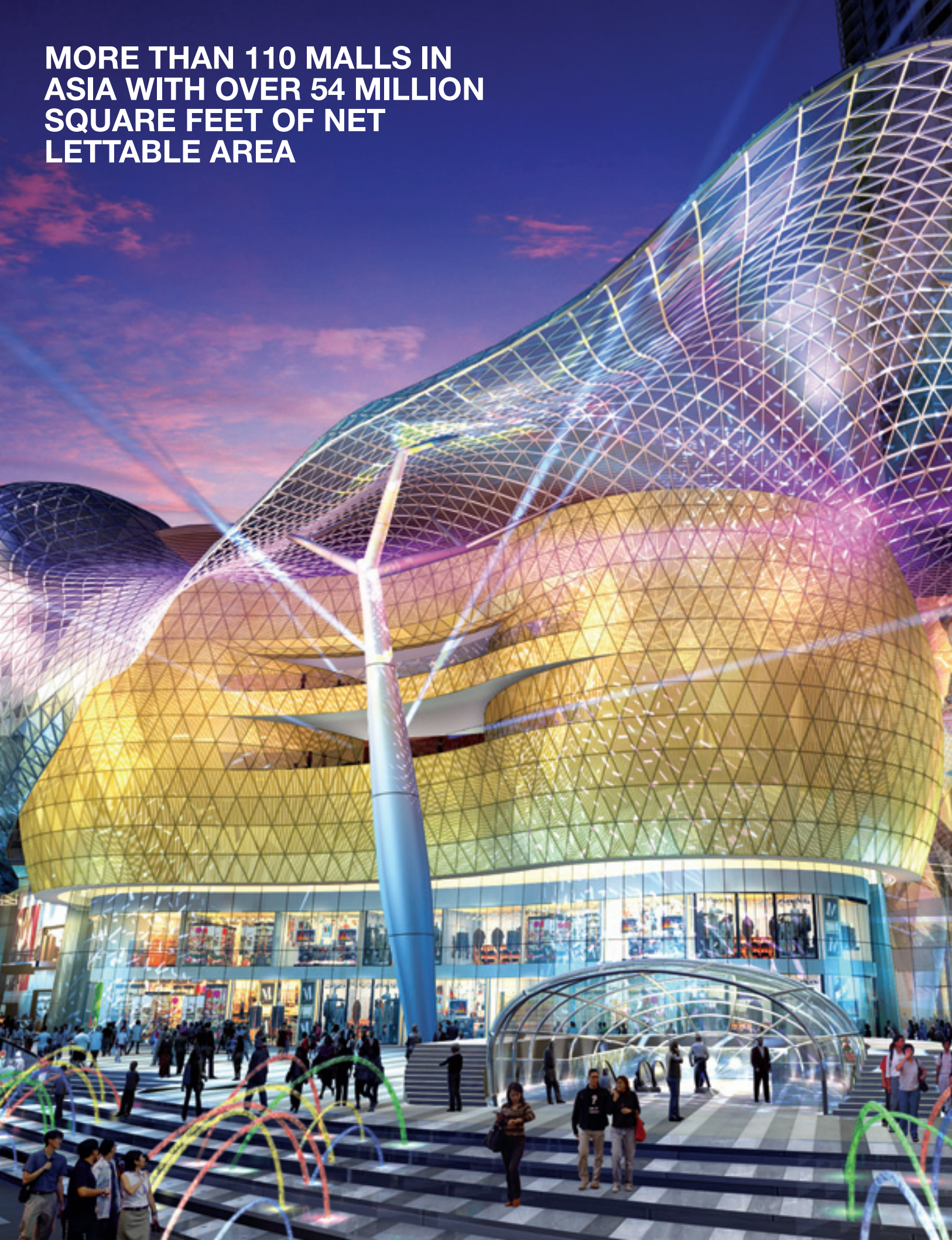
CapitaLand had earlier established partnerships with MEC in the Japan residential and serviced residence sectors.

The approximately 155,000 sq ft freehold site enjoys a strategic location near the Tokyo Metropolitan Government Office and Shinjuku Central Park, and is close to the main subway lines. The site is also within walking distance from the Shinjuku Station, which is the largest station in Japan and the busiest station in the world catering to daily commuter traffic of 3.5 million people. It is also a three-minute walk from the Nishi-shinjuku station, which

is directly connected to the main Tokyo Station.

Shinjuku is one of the key business districts in Tokyo and is currently home to leading Japanese manufacturing firms, IT companies and multi-national corporations like Nihon Texas Instruments, Apple Computers, Microsoft, Pfizer and Aventis Pharma. The developers plan to build a 35-storey office tower and a 20-storey condominium on the site. When completed in 2010/2011, the development will cater to the increasing demand for quality offices and residential space in the city.

**MORE THAN 110 MALLS IN
ASIA WITH OVER 54 MILLION
SQUARE FEET OF NET
LETTABLE AREA**



CapitaLand Retail



Left to right

Loh Wai Keong

SVP Investments, CapitaLand Retail Limited

Simon Ho

Chief Operating Officer, CapitaLand Retail Limited

Lim Beng Chee

Chief Investment Officer, CapitaLand Retail Limited;

Pua Seck Guan

CEO, CapitaLand Retail Limited

Simon Yong

SVP Project Development and Management, CapitaLand Retail Limited

Tony Tan

SVP Finance and Corporate Services, CapitaLand Retail Limited

“With the acquisition of a number of key projects and the strategic partnerships forged in 2007, we have gained significant momentum in our pursuit to upscale our presence across Asia. Our strong ability to identify quality assets with value creation opportunities, coupled with our established integrated retail real estate business platform, will give us the competitive edge to capture the vast growth opportunities in Asia. Looking forward, we will continue to strengthen our presence in existing key markets, whilst exploring new growth markets in the region, to maintain our pole position as the leading retail mall owner and manager in Asia.”

Pua Seck Guan

CEO, CapitaLand Retail Limited

CapitaLand Retail Limited (CRTL) is the retail real estate business unit of the Group. It is the leading mall owner/manager in Asia with a portfolio of over 110 malls in Singapore, China, India, Japan and Malaysia comprising a total of over 54.0 million sq ft of net lettable area. CRTL maintains its market leadership by focusing on

improving existing property yields through asset enhancement and active property management. Through innovation and the creative execution of retail concepts, the malls owned/managed by CRTL continued to draw in the crowds.

Various landmark deals and projects in 2007 cemented CRTL's

dominance as a retail mall owner/manager; it continued to reinforce its leadership position by charting new directions in the regional retail map and re-defining the retail landscape here and overseas.

Singapore

Sentiment remained positive in the retail sector in 2007, driven by buoyant consumer confidence on the back of strong local consumption and increased visitor arrivals. Efforts to remake Singapore's main shopping belt, Orchard Road, continued unabated, and last year also saw the rejuvenation of more malls. Prospects are expected to remain positive for the sector, which is projected to outperform other property sectors over the longer term.

CRTL, through its various programmes and initiatives, continued to be a change leader at the forefront of Singapore's evolving retail landscape. It led in the remaking of Orchard Road with the unveiling of ION Orchard, which is the name for the retail component of the iconic Orchard Turn mixed development. ION Orchard's



Retail and Entertainment Hub, Vista Xchange, one-north, Singapore

unrivalled location, key design features and suite of flagship brands will put it at the region's "centre of shopping gravity" and strengthen Singapore's status as a key shopping destination in the global retail scene. ION Orchard has many new and exciting retail concepts, such as a 53,000-sq ft space on level four dedicated to the exhibition of exclusive arts and cultural events.

Another landmark project during the year is CRTL's partnership with Rock Productions. The S\$660.0 million project will create an integrated civic, cultural, retail and entertainment hub at Vista Xchange, one-north, expected to be completed by 2011. The integrated hub will comprise two zones – an eight-level Civic and Cultural Zone measuring over 322,920 sq ft in gross floor area (GFA), and a four-level Retail

and Entertainment Zone spanning 258,336 sq ft in GFA. CapitaLand will invest approximately S\$380.0 million to develop and manage the Retail and Entertainment Zone.

CRTL's leadership position is not built on new or landmark projects per se. In 2007, CRTL also continued to lead the way with its mall rejuvenation programme, and added a greater diversity of designs and concepts to enhance the shopping experience. It continually assesses and evaluates all its malls to ensure their relevance to the changing needs of shoppers. Throughout 2007, it continued to conduct asset enhancement works to rejuvenate its malls, including Raffles City Shopping Centre, Tampines Mall, Bugis Junction, IMM Building, Lot One Shoppers' Mall and Sembawang Shopping Centre.

China

CRTL continued to capture the abundant retail investment opportunities in China in 2007. Through leveraging on its private retail property funds, CapitaRetail China Development Funds I and II, and CapitaRetail Incubator Fund amounting to a total of US\$1.6 billion, it doubled its footprint in China to 73 malls through acquisitions and Memorandums of Understanding (MOUs) signed with various Chinese partners. It now has a presence in 44 cities across China, measuring nearly 38.0 million sq ft in gross rentable area and worth over S\$8.0 billion.

In 2007, CRTL also officially launched Xizhimen Mall, which is a prime asset strategically located in one of the two most important



Forum Retail Park, Bangalore

transportation hubs in Beijing. The mall, which is the retail component of Xihuan Plaza, is the fourth retail mall managed by CapitaLand Retail in Beijing. CRTL's expansion in China was further boosted by a co-operative agreement with China Vanke Co., Ltd, China's largest residential developer. Under the agreement, CapitaLand will formulate the retail asset plan of all identified retail components that are currently being developed or are to be developed within Vanke's residential townships. These retail assets will be jointly developed with Vanke and will be acquired at the appropriate time.

India

India is the world's fourth largest economy and is expected to rank third by 2010, just behind the United States and China. The booming Indian

middle class is anticipated to increase from 22% to 32% by 2010, and the urban population is projected to increase from 28% to 40% of total population by 2020. On the retail front, India is still considered a new market for CRTL; however, India's retail is amongst the fastest growing sectors in the country, with organised retail expected to grow 400% from US\$7.0 billion to over US\$30.0 billion by 2010. CRTL is well-positioned to capitalise on these positive economic and market trends, especially with the successful establishment of its first India private property fund, CapitaRetail India Development Fund, with a fund size of about US\$600.0 million (S\$880.0 million). CapitaRetail India will invest in retail mall developments in India. CapitaLand holds a 45.5% stake in CapitaRetail

India Development Fund worth US\$272.0 million (S\$400.0 million). The remaining stakes are held by insurance companies, pension funds and corporations. The strong demand received for the CapitaRetail India Development Fund is a clear testament to investor confidence in, and endorsement of, CapitaLand's fund management and retail real estate management capabilities.

In 2007, CRTL partnered with Advance India Projects Limited, a renowned Delhi-based developer with a strong presence in North India, and the Prestige Group, a well-established Bangalore-based real estate player with an extensive footprint in South India, to invest, develop and manage retail/predominantly retail projects in India. The partnerships provide us with a unique opportunity to invest



Gurney Plaza, Penang

and manage an immediate portfolio of 15 retail/predominantly retail projects strategically located in 14 cities Pan-India. The projects identified under the two strategic partnerships have a total asset value of over S\$2.1 billion and a total leasable area of over 11.0 million sq ft.

With the establishment of the CapitaRetail India Development Fund and through leveraging on the synergies from its joint ventures, CRTL is well-positioned to expedite the replication of its successful China integrated retail real estate business platform in India. Over time, CRTL expects to deepen its retail and fund management presence in India to become a significant long-term retail real estate player there.

Japan

Japan remains a key and long-term retail property market, and CRTL will continue to actively pursue acquisition opportunities to further upscale its presence there. In Japan, CRTL owns seven retail malls through its CapitaRetail Japan Fund. The CapitaRetail Japan Fund, launched in 2003, has a fund size of approximately JPY45.2 billion (S\$607.0 million) and a target portfolio size of JPY150.0 billion.

Malaysia

In 2007, CRTL acquired Gurney Plaza in Penang and the MINES Shopping Fair (MINES) in Selangor in Malaysia for over RM1.2 billion (approximately S\$527.1 million). Gurney Plaza and MINES will form the first two seed assets for the proposed

CapitaLand sponsored pure-play Malaysian retail real estate investment trust.

Looking Ahead

Going forward, CRTL has identified immense opportunities in China and India, where professionally-managed organised retail concepts are still relatively lacking. We will continue to strengthen our position as a significant retail real estate player in China and quickly expand our retail footprint in India. Along with Japan and Malaysia, CRTL will continue to look for prospects in other high-growth markets to bring its expertise in retail mall management to enhance the shopping environment for retailers and tenants across different markets and segments in the region.



President S R Nathan presenting a token of appreciation to Chairman of CapitaLand Hope Foundation Lim Chin Beng at the launch of “Building for Our Future” charity drive.

CRTL’s contribution to Singapore’s retail sector goes beyond just bricks and mortar. It also invests in the softer aspects of things for the longer term, for example, in talent development to nurture the necessary resources that are needed to realise Singapore’s ambition to be a top tourist and shopping destination in the region, if not the world. One of the

programmes that CRTL has initiated is the sponsorship of a CapitaLand Retail scholarship for Temasek Polytechnic’s Diploma in Retail Management course. In late 2007, CRTL partnered the CapitaLand Hope Foundation, UNICEF and Singapore’s Community Chest in an inaugural charity drive to officially launch a cross-border “Building for Our Future” charity

programme that spans Singapore, China, Japan and Malaysia under its Care+ Programme. The inaugural charity initiative was officially launched by the President of Singapore, Mr S R Nathan, at Plaza Singapura, in conjunction with the Orchard Road Christmas Light-Up 2007.

**US\$4 BILLION – US\$5 BILLION
INTEGRATED DEVELOPMENT
IN ABU DHABI**



CapitaLand Integrated Developments



Left to right

Bambang Sugeng Bin Kajairi

SVP, CapitaLand GCC Holdings Pte. Ltd.

Managing Director, CapitaLand Amanah Pte. Ltd.

Wong Heang Fine

CEO, CapitaLand ILEC Pte. Ltd.

Ng Kok Siong

VP, CapitaLand ILEC Pte. Ltd.

Yip Hoong Mun

Deputy CEO, CapitaLand ILEC Pte. Ltd.

“In 2007 we signed a joint venture with Mubadala to create a landmark integrated development in Abu Dhabi. This will build up our portfolio of world-class developments which currently includes Macao Studio City and Raffles City Bahrain. ILEC will continue to explore opportunities in Asia, Russia and the GCC countries to develop integrated properties with unique concepts that will transform the way people live, work and play.”

Wong Heang Fine

CEO, CapitaLand ILEC Pte. Ltd.

CapitaLand Integrated Leisure, Entertainment and Conventions (ILEC) is a business unit set up to pursue integrated developments incorporating leisure, entertainment and conventions as their key themes. ILEC's competitive edge is its ability to integrate leisure and entertainment components with the various real estate sectors like residential, retail and serviced residences. It aims to harness the Group's experience, expertise, partner relationships and intellectual capital to establish a strong foothold in this new business area.

Asia

Asia's growing affluence and rapid economic development have given rise to higher consumer expectations and the rise in demand for such integrated lifestyle and leisure projects. With six out of the world's top 10 tourist destinations found in the Asia-Pacific, demand for a dynamic tourism experience and integrated resorts in the region will continue to rise.

In Macau, CapitaLand owns a 20% strategic interest in Macao Studio City, Asia's first integrated leisure resort property combining studios, retail,

entertainment and world-class hotels. Strategically located on a 1.4 million sq ft site in Cotai, Macao Studio City has attracted world renowned operators to the project. These include Taubman for retail, Playboy Enterprises, which will create a Playboy-inspired multi-faceted entertainment experience, and hotel partners like Marriott, Ritz Carlton and the founder of China Clubs and Shanghai Tang, David Tang. Macao Studio City will also have a W Hotel. The four world-class hotel partners will add about 1,900 hotel rooms to the booming Cotai area.

During the year, the CapitaLand Group created a new Raffles City brand and logo to strengthen the brand positioning of its prime integrated developments. This is in line with its strategic intent to grow its portfolio of world-class integrated developments as a business internationally. Currently the Group has six Raffles City integrated developments in Singapore, across China and in Bahrain. CapitaLand aims to grow the number to 10 or more, in gateway cities in China, the GCC



Raffles City Bahrain

region, India, Vietnam, Japan, and Russia, within the next five years.

The Raffles City developments are all centrally located within business or cultural districts, integrated in nature and are prominent urban icons. The site for Raffles City Chengdu is located in the heart of Chengdu's bustling city centre. When completed in 2010, the prime development will comprise a Grade A office tower, a retail mall and a five-star hotel located along Chengdu's future subway interchange. It is designed by internationally acclaimed architect, Steven Holl.

In Hangzhou, the Raffles City development is located on a prime commercial site in an area set to become the new Central Business District of the city. The development will comprise a Grade A office tower, a retail mall, a five-star hotel and residential components. Raffles City Hangzhou will also be linked to a proposed subway interchange when it is completed in 2011.

The Group has two other Raffles City properties in China – Raffles City Shanghai and Raffles City Beijing.

Since it opened in 2003, Raffles City Shanghai has become an iconic office-cum-retail complex and attracted many international tenants and retailers as well as shoppers. Raffles City Beijing, which is targeted to be fully completed by 2009, will be a landmark integrated development comprising a high-rise apartment block, serviced residences, an office tower and a retail podium.

The Gulf Co-operation Council (GCC) Region

In the GCC region, CapitaLand is developing two landmark integrated developments: Raffles City Bahrain, which is its first Raffles City development in the GCC region, and a unique residential, retail, leisure and sports development on the land surrounding the historic Zayed Sports City Stadium in Abu Dhabi.

Raffles City Bahrain is the commercial heart of a larger development known as Bahrain Bay, a multi-billion dollar waterfront project located on a reclaimed island in Manama, Bahrain's capital city. When completed in 2010, Raffles City in

Bahrain will occupy about 20% of Bahrain Bay with about 2.5 million sq ft of built-up area comprising over 600 luxurious residential units, approximately 200 serviced residences and unique retail facilities.

Bahrain Bay is the result of the vision of Arcapita, a Bahrain-based international investment bank. Raffles City Bahrain is the second partnership with Arcapita following the ARC-CapitaLand Residences Japan which is CapitaLand's first rental apartment fund.

CapitaLand's US\$4.0 billion – US\$5.0 billion integrated development in Abu Dhabi is a joint venture project with Mubadala Development Company (Mubadala). CapitaLand owns a 49% stake in the joint venture with Mubadala holding 51%.

Moving Ahead

CapitaLand ILEC will continue to explore opportunities in the new high growth markets of Asia, Russia and the GCC countries to develop landmark properties with unique integrated concepts.

Landmark integrated development in Abu Dhabi, UAE



Integrated development (Phase 1A)

CapitaLand entered into a joint venture with Mubadala to develop and manage a prime integrated development on the land surrounding the existing Zayed Sports City Stadium in Abu Dhabi, the capital of the United Arab Emirates (UAE).

Spanning across an approximately 15.1 million sq ft site, together with a two kilometre prime waterfront area, the integrated development will offer luxurious residential, retail, state-of-the-art sports and

leisure facilities, as well as hotel and serviced apartments amidst lush landscaping of extensive greenery, water elements and shaded spaces. Centrally located in the heart of Abu Dhabi, the development will be 15 minutes away from the Central Business District and Abu Dhabi International Airport. It will also be accessible by two major city roads. The US\$4.0 billion – US\$5.0 billion development will be completed in phases.

Partnering Mubadala, a strategic investment and development vehicle established and wholly owned by the Government of Emirate of Abu Dhabi, will pave the way for CapitaLand to establish a long term strategic relationship and grow its presence in the fast-growing GCC region. This is part of our larger strategy to seek opportunities in the fast-growing, oil-rich countries.

**15 PRIVATE EQUITY FUNDS
AND 5 REITS, ASSETS UNDER
MANAGEMENT OF ABOUT
S\$18 BILLION**



CapitaLand Financial Services



Left to right

Lee Hock Chin

Managing Director, CapitaLand Financial Services Limited

Lynette Leong

CEO, CapitaCommercial Trust Management Limited

Lim Beng Chee

CEO, CapitaRetail China Trust Management Limited

Pua Seck Guan

*Co-CEO, CapitaLand Financial Limited;
CEO, CapitaMall Trust Management Limited*

Wen Khai Meng

Co-CEO, CapitaLand Financial Limited

Lim Ming Yan

*CEO, CapitaLand Financial Limited
(China Development)*

Andrea Chan

*VP, Finance & Corporate Services,
CapitaLand Financial Limited*

Chan Say Yeong

CEO, Quill Capita Management Sdn Bhd

“Over the years, CFL has built up its capabilities to originate, structure, distribute and manage real estate financial products and funds. We are now one of the leading real estate fund managers in Asia. As a Group, we target to increase our assets under management to S\$25 billion in three to five years.”

Wen Khai Meng

Co-CEO, CapitaLand Financial Limited

CapitaLand Financial Limited (CFL) is the real estate fund management and financial advisory services arm of CapitaLand Group. Its in-house capabilities include real estate capital management, structured financing, property fund management and advisory services. It complements CapitaLand's real estate domain knowledge to originate, structure, manage and distribute real estate financial products and funds. Its investors and partners in property funds include insurance companies, pension funds and large corporations from Asia, USA, Europe and the Gulf Co-operation Council (GCC) countries.

CapitaLand Group currently manages 15 private equity funds

and five real estate investment trusts (REITs) with assets under management (AUM) worth about S\$18.0 billion, spanning 11 countries. The five REITs are CapitaMall Trust (CMT), CapitaCommercial Trust (CCT), CapitaRetail China Trust (CRCT), Ascott Residence Trust (ART) and Quill Capita Trust (QCT). QCT, which was listed in January 2007 on the Main Board of Bursa Malaysia (the Malaysian Stock Exchange), is the Group's first REIT listed outside Singapore.

In addition, CFL also advised and launched six new funds in 2007, namely Malaysia Commercial Development Fund (US\$270.0 million), Raffles City Bahrain Fund (US\$350.0 million),

Ascott China Fund (US\$500.0 million), CapitaRetail China Development Fund II (US\$600.0 million), CapitaLand AIF (US\$180.0 million) and CapitaRetail India Development Fund (US\$600.0 million). In early 2008, the company announced its plans for a US\$300.0 million development fund for real estate projects in Vietnam.

These REITs and funds are central to CapitaLand's business model and enable CapitaLand to develop, warehouse and incubate retail, office, and integrated developments in Asia, Europe and the GCC countries.

Singapore

CCT continued to register strong growth and achieved a distributable income of S\$120.4 million and full year distribution per unit (DPU) of 8.70 cents, which exceeded FY2006 DPU. Robust growth was backed by CCT's proactive asset management strategy, as well as the strong rental income growth and high occupancy rate underpinned by the solid demand and tight supply situation in the Singapore office market.

In November, CCT acquired Wilkie Edge, an integrated development located at 8 Wilkie Road, from



Xizhimen Mall, Beijing

“CMT has achieved a stellar performance in 2007, outperforming our forecast every quarter. With the robust rental structure and multiple asset enhancement initiatives, organic growth is expected to be sustained. Our strong capital structure puts us in good stead to make yield accretive acquisitions to grow our local asset size to S\$8 billion by 2010.”

Pua Seck Guan

CEO, CapitaMall Trust Management Limited; and Co-CEO, CapitaLand Financial Limited

CapitaLand for S\$182.7 million. Wilkie Edge is a 12-storey asset under development comprising office, retail, serviced apartments with basement car park and ancillary facilities located within the Central Area. Wilkie Edge has already secured commitments for about 50% of its office space and it is well positioned to benefit from the strong demand for office space when completed in the fourth quarter of 2008. CCT is also evaluating the feasibility of redeveloping Market Street Car Park, which is located in the heart of the Central Business District, into a Grade A office building.

CMT performed very well in 2007. Its unit price appreciated approximately 19% and provided unitholders with a total return of about 24% in 2007, achieving one of the highest total

returns amongst all Singapore-listed REITs. CMT will continue to leverage on its established multi-pronged strategy, comprising yield accretive acquisitions, innovative asset enhancements, active leasing, investment in CRCT and undertaking local developments, to deliver stable distribution and sustainable total returns to unitholders.

One of the key asset enhancement projects in 2007 involved Raffles City. CCT and CMT, the joint owners of Raffles City, increased the retail net lettable area of Raffles City Shopping Centre by about 41,000 sq ft under its Phase 1 asset enhancement to further strengthen and widen the retail offering for shoppers. The enhancement works were completed in the first quarter of 2008.

Malaysia

CapitaLand and Malaysia's Quill Group listed QCT on the Bursa Malaysia in January 2007. The REIT focuses on investments in completed income-producing assets in Malaysia. QCT will grow its assets significantly through its access to a pipeline of completed properties to be developed by Malaysia Commercial Development Fund (MCDF) and Quill Group.

QCT's initial portfolio consisted of four quality commercial properties valued at RM280.0 million. Within a year of listing, QCT's distributable income for the year saw an increase of 34.5% from its IPO forecast. The higher-than-expected distributable income was mainly attributed to the rental income from Wisma Technip and the commercial units and carpark



Quill Building 3 – BMW, Cyberjaya

“CCT has achieved outstanding performance given Singapore’s strong office market fundamentals. We will continue to support our tenants, enhance the value of our properties and seek quality, yield accretive assets in Singapore and Asia to grow our portfolio to S\$6 billion by 2009.”

Lynette Leong

CEO, CapitaCommercial Trust Management Limited

lots of Plaza Mont’ Kiara which were acquired during the year. By end-2007, QCT doubled its total assets to RM585.3 million, making it one of the fastest growing commercial REITs in Malaysia. In January 2008, QCT announced that it will acquire three new assets for a purchase price of RM94.5 million which will grow its total asset size to about RM680.0 million.

Earlier, in March 2007, CapitaLand, together with Maybank Group, successfully closed MCDF at US\$270.0 million. It received strong investor interest of 3.6 times. MCDF, one of Malaysia’s largest property funds with an expected gross development value of US\$1.0 billion, will invest in real estate development projects in Kuala Lumpur and the Klang Valley.

During the year, CapitaLand also acquired Gurney Plaza in Penang and MINES Shopping Fair in Selangor for over RM1.2 billion. Gurney Plaza and MINES will form the first two seed assets for the proposed CapitaLand sponsored pure-play Malaysian retail REIT.

China

CRCT, Singapore’s first pure-play China retail REIT, performed well in its first year since its IPO in December 2006. As at 31 December 2007, its unit price has grown 90.3%, and with the year-to-date 2007 distribution yield of 6.0%, IPO unitholders received total returns of about 96.3%. CRCT also grew its portfolio size to close to S\$1.1 billion with its successful acquisition of Xizhimen Mall in Beijing in early February 2008.

CapitaRetail China Development Fund II was also successfully launched during 2007. CapitaLand has committed to take a 45% stake in the fund whilst the remaining stakes are held by insurance companies, pension funds and corporations. The fund, which invests in retail mall developments, will further grow our retail presence in China.

Japan

CFL complements CapitaLand’s regional growth strategy by exporting its expertise to Japan’s key cities. Last year, CapitaLand invested in a 13% stake in BLife Investment Corporation (BLife), a REIT listed on the Tokyo Stock Exchange, for about JPY3.2 billion and became its largest stakeholder in BLife REIT.

“CRCT has outperformed its distribution forecast since its IPO. The successful equity fund raising and acquisition of Xizhimen Mall in the midst of global and volatile stock market conditions further demonstrated the resilient qualities of CRCT, and reinforced our confidence in future acquisitions to achieve the target size of S\$3 billion by the end of 2009.”

Lim Beng Chee

CEO, CapitaRetail China Trust Management Limited

“QCT’s acquisition of Wisma Technip and part of Plaza Mont’ Kiara, together with the recent upward revaluation of these assets, have doubled its total asset base to RM585.3 million, making it one of the fastest growing commercial REITs in Malaysia. QCT will continue to grow organically by maximising the value of its asset portfolio and expanding through yield accretive acquisitions.”

Chan Say Yeong

CEO, Quill Capita Management Sdn Bhd

Concurrently, CapitaLand also acquired a 33.4% stake in BLife’s manager, Morimoto Asset Management, for about JPY200.4 million. The two transactions will augment CapitaLand’s fund management platform in Japan.

The Group has also invested in Japan’s retail and rental apartment sectors. The CapitaRetail Japan Fund owns seven malls worth about JPY53.0 billion. The ARC-CapitaLand Residences Japan, a Shari’ah-compliant property joint venture formed between CapitaLand and Bahrain-based Arcapita Group, owns 25 rental apartment properties worth JPY35.0 billion. In addition, CapitaLand, jointly with Arcapita, has also undertaken to purchase a JPY8.0 billion rental apartment property on Fukuoka’s Island City upon its completion of construction in mid-2008.

India

In 2007, CapitaLand successfully established CapitaRetail India Development Fund, its first India private property fund, with a fund size of US\$600.0 million. The Fund will invest in retail/predominantly retail

developments in India. CapitaLand is committed to take a 45.5% stake, amounting to US\$272.0 million in CapitaRetail India, whilst the remaining stakes are held by insurance companies, pension funds and corporations.

Gulf Co-operation Council (GCC) Region

CapitaLand continued to grow its Shari’ah-compliant real estate business to tap into the global Islamic finance market. In May 2007, it successfully closed the Raffles City Bahrain Fund, with a fund size of US\$350.0 million as its second Shari’ah-compliant real estate product. It is the first equity Sukuk of its kind for a real estate project, formed to invest in Raffles City Bahrain, a prime waterfront integrated development at Bahrain Bay in Manama, Bahrain’s capital city. CapitaLand is the first Singapore-based real estate company to have undertaken such a landmark transaction in the GCC region.

Moving Ahead

The combined market capitalisation of Asian REITs (including Japan) is

expected to grow from US\$69.5 billion presently to above US\$400.0 billion in the next two decades. CapitaLand Group aims to double its number of REITs from five (including ART) to 10 eventually, including a Raffles City REIT when its Raffles City brand of integrated developments stabilise and deliver good yields.

The global Islamic finance market is potentially an important source of funds for CapitaLand’s real estate financial products and funds. Estimated at US\$500.0 billion currently, its market size is expected to hit over US\$1.0 trillion within the next few years given the heightened global demand for, and the creation of, new Islamic financial products. CFL plans to introduce more Shari’ah-compliant funds to meet the demands of Islamic investors.

Going forward, CFL will continue to increase its assets under management with the aim of growing the Group’s AUM to S\$25.0 billion in three to five years. In line with CapitaLand’s growth strategy in the region, CFL plans to originate and manage property funds and REITs in new geographies and real estate sectors.



In November 2007, CapitaCommercial Trust acquired Wilkie Edge from CapitaLand for S\$182.7 million. Located in the Central Area, Wilkie Edge is situated at 8 Wilkie Road and near the Dhoby Ghaut Mass Rapid Transit Station. When completed in the fourth quarter of 2008, Wilkie Edge will comprise approximately 103,000 sq ft of office space, 36,000 sq ft of retail space, as well as 154 serviced apartment units.

Wilkie Edge is within walking distance to Prinsep Street, a prime food and beverage and entertainment zone at the Selegie/Bras Basah/Bugis area, which is transforming into an Arts, Culture, Learning and Entertainment hub. The area has a vibrant arts scene with Singapore Arts Museum, Sculpture Square and other established arts centres and galleries in the vicinity. A number of modern cafes and pubs at Princep Place also add to the

vibrancy of the area. Many established educational institutions such as Singapore Management University, Nanyang Academy of Fine Arts, LASALLE-SIA College of the Arts and Singapore Institute of Commerce have set up campuses in the area.

Wilkie Edge has already secured commitments for about 50% of its office space and it will continue to benefit from the strong demand for office space in the central region of Singapore.

**GLOBAL PORTFOLIO
OF OVER 20,000
UNITS IN 55 CITIES
AND 23 COUNTRIES**



ASCOTT

GUANGZHOU

CapitaLand Serviced Residences



Left to right

Tony Soh

Chief Strategy and Planning Officer, The Ascott Group Limited

Hazel Chew

Chief Financial Officer, The Ascott Group Limited

Chong Kee Hiong

Deputy CEO, Finance & Investment, The Ascott Group Limited

Jennie Chua

President & CEO, The Ascott Group Limited

Ng Lai Leng

Chief Corporate Officer, The Ascott Group Limited

Ee Chee Hong

CEO, China, The Ascott Group Limited

Not in picture

Gerald Lee

Deputy CEO, Operations, The Ascott Group Limited

“The Ascott Group ended 2007 strong, with record net profit of S\$177.3 million, an increase of 8% compared to the previous year. Revenue was up 7% to S\$435.3 million, and profit from operating assets also rose 25% to S\$52.5 million. We consolidated our leadership position in markets where we have presence, and added three more countries and 10 more cities to our portfolio. Ascott crossed the 20,000-unit mark with 158 properties spanning 55 cities in 23 countries, making us the largest international serviced residence owner-operator in the world.”

Jennie Chua

President & CEO, The Ascott Group Limited

Overview

In 2007, CapitaLand's serviced residence arm, The Ascott Group Limited (Ascott), continued to entrench its position as a global leader. Ascott grew its business and expanded its portfolio of serviced residences under the three award-winning brands – Ascott, Somerset and Citadines.

It consolidated its leadership position in markets where it has presence, and added three more countries and 10 more cities to its portfolio through acquisitions and management contracts. As part of its global expansion, it also ventured

into emerging European markets and became a forerunner in three more countries – Russia, Kazakhstan and Georgia.

In 2007, Ascott announced 36 new properties with more than 3,500 units. Its portfolio crossed the 20,000-unit mark to 20,449 units. With 158 properties, Ascott's presence spans 55 cities and 23 countries across Asia Pacific, Europe and the Gulf region, making it the largest international serviced residence owner-operator in the world.

To work its assets harder, Ascott re-invested divestment proceeds

in higher-yield assets and the enhancement of existing properties for better yield and operating performance. We divested six properties in China, Singapore, United Kingdom and Vietnam; divestment proceeds totalled S\$524.3 million and total net divestment gain was S\$112.8 million. These proceeds will enable Ascott to continue to acquire and incubate more quality assets, paving the way for greater portfolio gain in the future. Apart from divestments, Ascott also committed a total of S\$576.0 million in 13 investments in China, Germany, India, Japan, Malaysia, Russia, Singapore and United Kingdom.

Ascott continued to seek innovative ways to grow its business and optimise capital allocation. In April 2007, it launched the Ascott China Fund (ACF). The fund, which is 33% owned by Ascott, is the first private equity fund dedicated to investing in serviced residences across China. It was set up as part of Ascott's strategy to propel further growth in China. The fund closed with a capital commitment of US\$500.0 million.

Ascott Residence Trust (ART), the world's first pan-Asian serviced residence REIT, which was successfully launched in March 2006, also registered

strong growth. Its portfolio value grew 74% from an initial S\$856.0 million to about S\$1.5 billion. ART's portfolio size also grew from the initial 2,068 units in 12 properties to 3,461 units in 36 properties by the end of 2007.

Ascott ended 2007 strong, with a record net profit of S\$177.3 million, an increase of 8% compared to the previous year. Revenue was also up 7% to S\$435.3 million, and profit from operating assets also rose 25% to S\$52.5 million. This was attributed to better operating performance in most of the markets in which the Group has presence as well as higher fee-based income from managing ART and ACF.

Enlarging Global Footprint

Ascott ventured into emerging markets in Europe. It announced new properties in Tbilisi in Georgia, Astana and Aktau in Kazakhstan and in Moscow, Russia.

In countries where Ascott is already present, it continued to expand its presence with announcements of 32 new properties. It also entered new cities including Chongqing and Shenzhen in China, Munich in Germany, Hyderabad in India, Kyoto in Japan and Edinburgh in the United Kingdom.

In India, Ascott built on the Master Development Agreement signed with The Rattha Group in 2006. The agreement set out to launch seven new properties with at least 1,000 serviced residence units in India by 2010. With Ascott adding its fourth and fifth properties, the total number of units under development in Bangalore, Chennai and Hyderabad stands at 1,178.

In China, other than setting up the ACF, Ascott also added over 700 new units in Chongqing, Shenzhen, Shanghai and Xi'an, and opened five new properties as part of its plan to enlarge its market share.

Vietnam, which is seeing rising foreign investment and high economic growth, is a key market for Ascott's growth plan. Its current portfolio there comprises 1,050 units and six serviced residences in Hanoi and Ho Chi Minh City.

2007 also saw Ascott bringing its Citadines brand to Asia. Citadines, formerly a pan-European serviced residence chain, was fully acquired by Ascott in 2004. It was re-branded as the preferred accommodation for young and independent individuals who prefer flexibility in their choice of services and to pay only for what they need. Since then, Ascott has opened Citadines serviced residences in Asian cities including Bangkok, Hong Kong, Shanghai, Suzhou and Xi'an. More announcements were made in the year to bring Citadines to Chennai, Chongqing, Hyderabad, Kyoto, Singapore and Tokyo.

Building Leadership and Talent Pool

Ascott boosted its management bench strength with appointments of new Executive Management Committee members, functional heads at the corporate office, and country heads for its overseas operations.

To develop future leaders and support its global expansion, Ascott continued to invest in its people. In 2007, it set up the Ascott Centre for Excellence, a global training centre in Singapore led by trained professionals from diverse disciplines. Ascott aims to develop its human capital to world-class standards to achieve consistency in operational and service excellence across all its residences.

Returning to the Community

Ascott partnered volunteer welfare organisations and local communities in its home base, Singapore, and around the world. Together with these organisations, Ascott's employees and

residents built homes, and provided financial and medical support for children and aspiring youths to live a better life and achieve their dreams.

For instance, in Europe, Ascott worked with Mécénat Chirurgie Cardiaque, a non-profit association to fly children with cardiac malfunctions from various countries to France for treatment. In the Philippines, Ascott continued to partner with a local non-profit organisation, Gawad Kalinga to build homes for the poor. In Singapore, it partnered Make-A-Wish Foundation, to grant the wishes of children with life-threatening illnesses, bringing them respite as they battle their illnesses.

Protecting the Environment

Ascott also took active steps to protect the environment. Ascott attained the ISO 14000 certification in November for having environmentally-friendly policies and procedures in place. Ascott's flagship, Ascott Singapore Raffles Place, which is currently undergoing construction, was also given the Green Mark Award 2007 by the Building and Construction Authority. It is a recognition of Ascott's concerted effort in conserving and preserving the facade and interiors of the heritage building. The building also has green features, such as motion-detecting lighting and an ozone-treated swimming pool system.

Looking Ahead

In the year ahead, Ascott plans to open about 10 new properties with about 1,500 units in Bangkok, Chennai, Doha, Guangzhou, Hanoi, Shenzhen and Singapore.

As the world's largest international serviced residence owner-operator, Ascott will continue to grow beyond markets where it is present, and venture into emerging ones.



Somerset Strogino, Moscow

In 2007, Ascott enlarged its global footprint by venturing into emerging markets including Russia, Kazakhstan and Georgia. With rising foreign investment in these countries, Ascott is poised to ride on the countries' burgeoning growth and influx of business travellers.

In February, Ascott announced its entry into Russia with Amtel Properties Development. Both partners will jointly set up an initial fund of US\$100.0 million. They will also build on the fund to launch 1,000 serviced residence units in Russia by 2010. In addition

to this collaboration, Amtel awarded Ascott a contract to manage Somerset Strogino. The 150-unit property, to be located in one of Moscow's technology business parks, is slated to open in 2010.

Ascott made further headway in July when it clinched two contracts to manage the 200-unit Ascott Astana and the 120-unit Citadines Aktau in Kazakhstan.

In October, Ascott's expansion into new frontiers gathered pace with the announcement of its entry into Georgia. It secured

a management contract to manage the 65-unit Citadines Tbilisi Freedom Square. With this, Ascott's European portfolio rose to over 5,600 units in 49 properties.

Russia, Kazakhstan and Georgia together form an integral part of Ascott's expansion in Europe, where the company already has a strong presence with its Citadines brand. Ascott will continue to seek opportunities to add more Ascotts and Somersets and increase its European portfolio size.

Performance Review

PERFORMANCE OVERVIEW

2007 was an exceptionally good year with the Group achieving yet another record for full year profit. Profit attributable to equity holders of the Company (PATMI) for full year 2007 was S\$2.8 billion, more than two times the PATMI for 2006. This record profit for the fourth consecutive year was boosted by the significant growth from all the Group's core businesses.

During the year, the Group continued to expand its footprint in China, India and other new growth markets such as Vietnam, and the Gulf Co-operation Council (GCC) countries. The Group also reconstituted its office portfolio with the acquisition of the remaining 50% stake in 1 George Street and the divestment of Temasek Tower and Chevron House in Singapore as well as AIG Tower in Hong Kong. The Group successfully closed six funds, bringing its Assets Under Management (AUM) to S\$17.7 billion as at 31 December 2007, an increase of S\$3.4 billion from end 2006.

Revenue

Revenue for full year 2007 was S\$3,792.7 million, an increase of S\$645.0 million or 20.5% over 2006. The revenue growth was fuelled by strong sales of development projects in China and Australia and the consolidation of revenue from

Raffles City Shanghai and 1 George Street which became the Group's subsidiaries in the fourth quarter of 2006 and 2007 respectively. The revenue growth was achieved despite the deconsolidation of Ascott Residence Trust (ART)'s revenue (as ART ceased to be a subsidiary following the reduction of the Group's stake in March 2007) and the divestment of Temasek Tower in April 2007.

Our residential business continues to be the key contributor to the Group's revenue. Revenue from Residential (CRL) SBU increased from S\$2,356.0 million to S\$2,863.7 million and accounted for approximately 75.1% of the Group's revenue in 2007.

Commercial (CCL) SBU registered a 73.7% increase in revenue due to the full year contribution from Raffles City Shanghai, consolidation of 1 George Street which became a subsidiary this year and revenue recognised from the sale of the Wilkie Edge project.

Revenue from Retail (CRTL) SBU increased by 31.3%, attributable to higher revenue from Clarke Quay, the malls in China and property management fees from the China malls.

Financial (CFL) SBU recorded 17.7% revenue growth on the back of higher recurring fees on the enlarged AUM. For the year 2007, CFL's AUM grew by S\$2.6 billion to S\$15.9 billion as at 31 December 2007. The growth came from new funds and REITs set

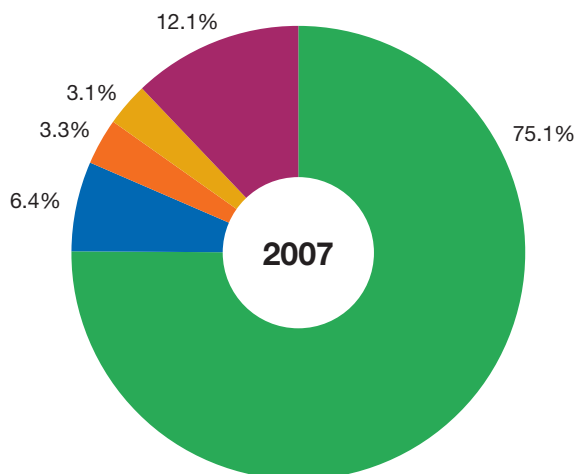
up during the year, acquisitions by the funds under management and increase in valuation of existing funds' portfolio. The newly set up funds and REITs are CapitaRetail China Development Fund II, CapitaRetail India Development Fund, CapitaLand AIF, Raffles City Bahrain Fund, Malaysia Commercial Development Fund and Quill Capita Trust.

Revenue contribution from Serviced Residence SBU decreased by 3.0% as a result of the deconsolidation of ART. Serviced Residence now accounted for 12.1% of the Group's revenue, down from the 15.1% last year. Excluding ART, revenue for The Ascott Group increased by 7.0%, from S\$405.9 million for 2006 to S\$435.3 million for 2007.

In terms of geographic spread, overseas revenue accounted for 76.4% of the Group's revenue, up from 71.2% the previous year. The Group's overseas revenue was mainly from Australia and New Zealand (49.9%), China (37.8%) and Europe (9.7%). Revenue from Australia was mainly derived from our listed subsidiary, Australand, as well as from Ascott's Oakford chain of serviced apartments. Contributions from China came mainly from the strong residential sales as well as the consolidation of revenue from Raffles City Shanghai. Revenue in Europe was mainly contributed by the Citadines chain of serviced residences under The Ascott Group.

2007 Revenue by SBU

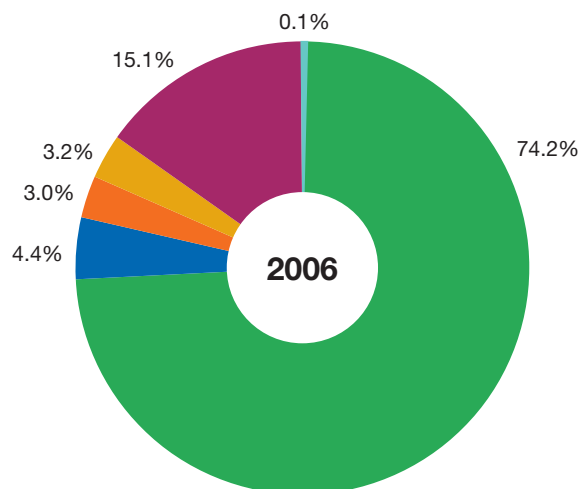
Total: S\$3.8 billion



- Residential
- Commercial
- Retail
- Financial Services
- Serviced Residence
- Others & Consolidated Adjustments

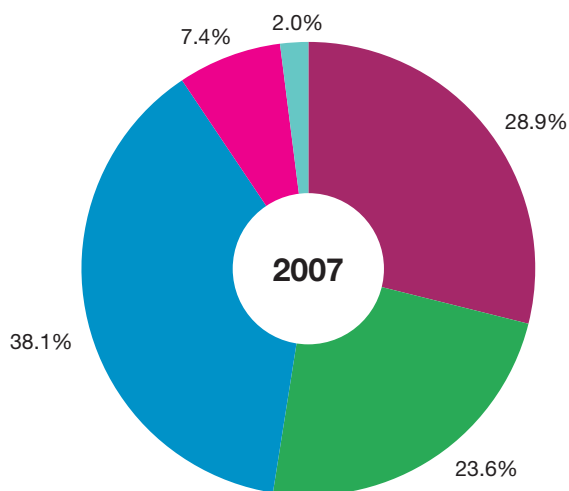
2006 Revenue by SBU

Total: S\$3.1 billion



2007 Revenue by Geographical Location

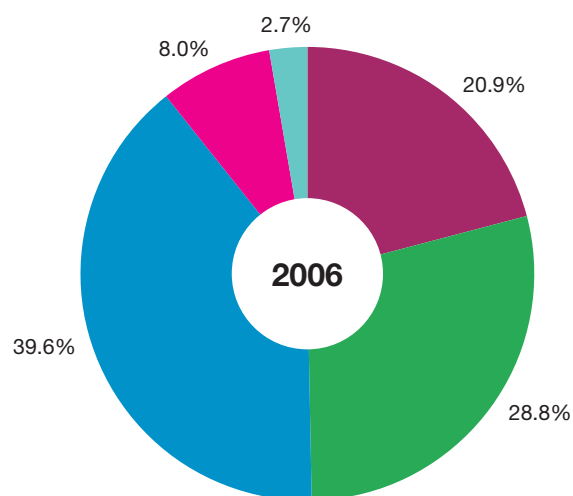
Total: S\$3.8 billion



- China (Including Hong Kong and Macau)
- Singapore
- Australia & New Zealand
- Europe
- Others

2006 Revenue by Geographical Location

Total: S\$3.1 billion



Performance Review

Earnings Analysis

The Group achieved record earnings before interest and tax (EBIT) of S\$3,824.0 million for full year 2007, more than double that of last year. The exceptionally strong EBIT was driven by higher profits from the development projects, the recognition of fair value gains from the Group's investment properties portfolio, higher portfolio gains and improved operating performance from the Group's core businesses. Overseas EBIT contribution for full year 2007 rose by 69.0% to S\$1.5 billion from S\$883.2 million, with China and Australia being the two key contributors.

Full year 2007 EBIT for CRL of S\$1,073.7 million was 52.6% higher than 2006, contributed by its Singapore, Australia and China operations. The improvements in these three sectors arose from stronger sales and fair value gains

from Australia and China as well as the write back of previous provisions from Singapore. CRL's Singapore operation recorded a significant increase in EBIT and profit margins, in line with the strong recovery of the Singapore residential market.

CCL's EBIT for full year 2007 was significantly higher at S\$1,962.9 million, more than five times that of 2006. This was mainly attributed to the fair value gains from investment properties, divestment gains, improvement in operating results as well as the consolidation of Raffles City Shanghai and 1 George Street. During the year, CCL divested Temasek Tower, Chevron House (Singapore) and AIG Tower (Hong Kong).

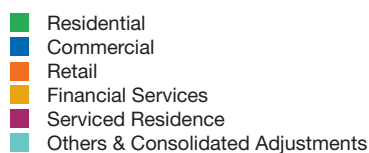
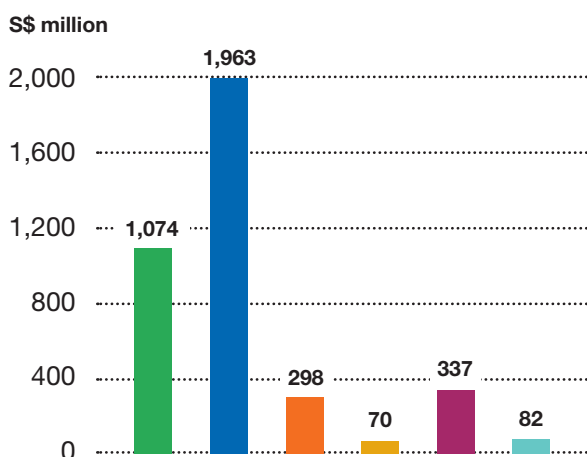
CRTL's EBIT for full year 2007 of S\$297.9 million was also higher by 34.7% as compared with 2006. The increase was mainly attributable to higher revenue and fair value gains from investment properties.

CFL's EBIT for full year 2007 of S\$69.7 million was an increase of 13.2% over that of 2006. This increase was primarily a result of higher fund management revenue and higher share of profits from the associates, but partially offset by impairment loss on certain investments and increased operating expenses.

The Serviced Residence SBU achieved total EBIT of S\$337.2 million for full year 2007, an increase of 66.5% from 2006. The EBIT growth was a result of the initiatives on yield maximisation combined with the growing popularity and demand for serviced residences which contributed to the increase in revenue per available unit (REVPAU). It was also boosted by the portfolio gains from the divestments of Masters Golf & Country Club, Hotel Asia, Somerset Bayswater, as well as the share of fair value gains from investment properties held by ART.

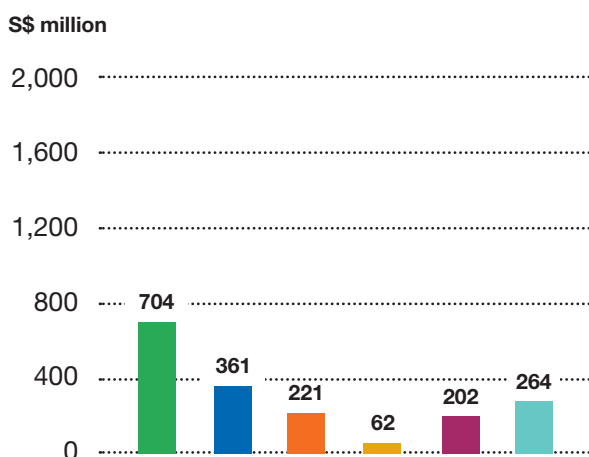
2007 EBIT by SBU

Total: S\$3.8 billion



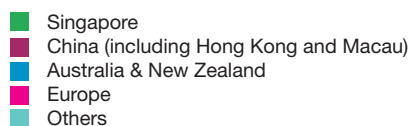
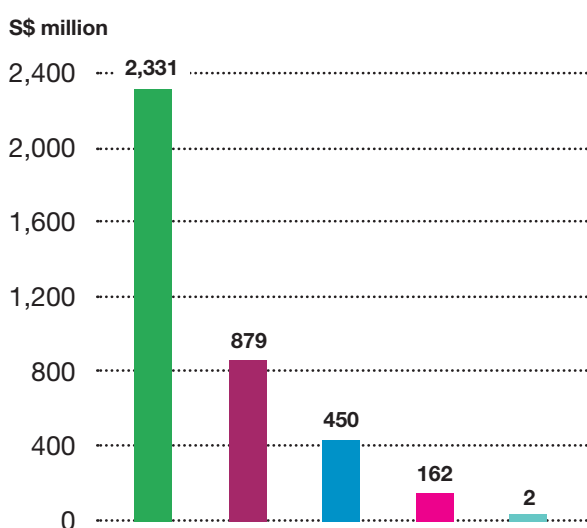
2006 EBIT by SBU

Total: S\$1.8 billion



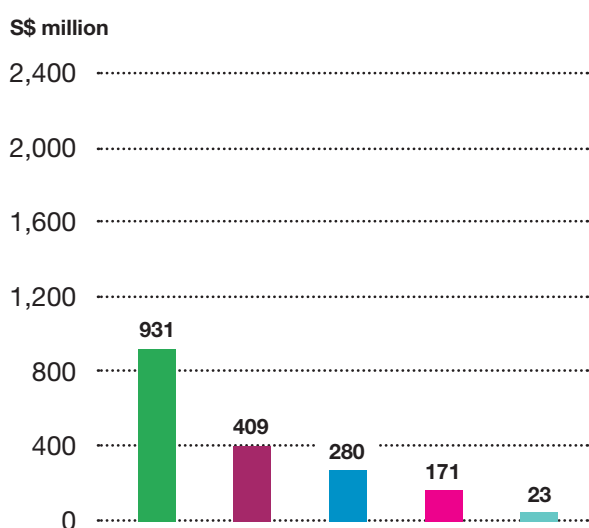
2007 EBIT by Geographical Location

Total: S\$3.8 billion



2006 EBIT by Geographical Location

Total: S\$1.8 billion



Performance Review

Dividends

CapitaLand's Board of Directors proposed a first and final one-tier dividend of 8.00 cents per share and a special one-tier dividend of 7.00 cents per share, amounting to a net dividend of S\$420.9 million based on the number of issued shares as at 31 December 2007. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year 2006, a first and final dividend of 7.00 cents per share (of which 3.81 cents per share was franked dividend, less tax at 18% and the balance was one-tier dividend) and a special one-tier dividend of 5.00 cents per share were approved and paid. The said dividends of S\$317.1 million were paid in May 2007.

Assets

The Group's total assets grew from S\$20.5 billion in 2006 to S\$25.8 billion as at end 2007. The increase of S\$5.3 billion was

mainly attributed to fair value gains of investment properties, additional investments during the year as well as higher cash balance arising from proceeds from the Group's divestments. The increase was partially offset by the disposals of some investment properties as well as the deconsolidation of ART's assets as ART ceased to be a subsidiary during the year. Overseas assets as at end 2007 increased by 21.0% to S\$14.4 billion from S\$11.9 billion, with the increase mainly in China, other Asia and GCC countries as the Group expanded its overseas footprint and increased its investments in these countries.

Borrowings

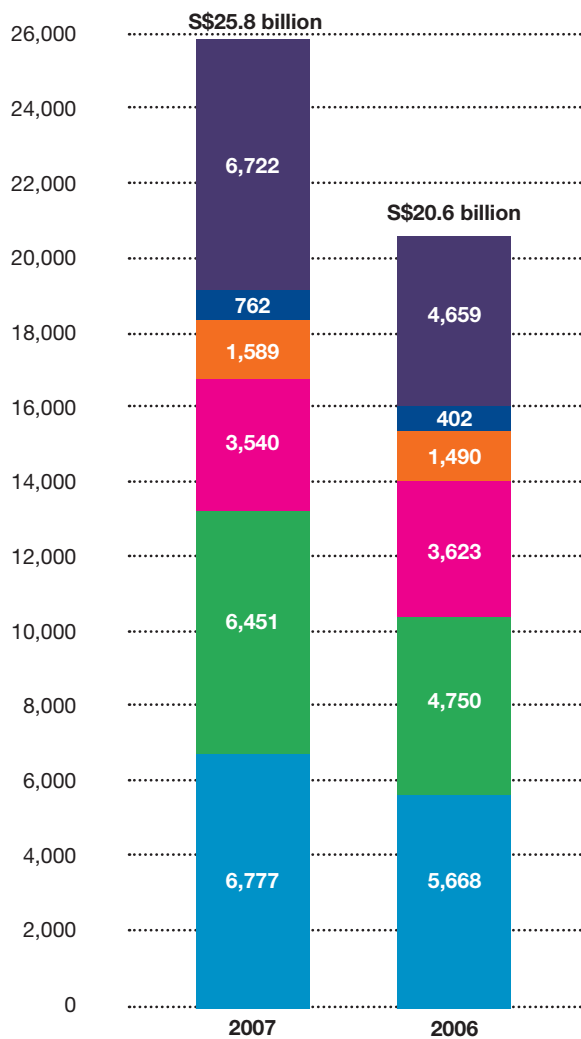
The Group's net debt stood at S\$5.6 billion as at 31 December 2007 compared to S\$5.4 billion in 2006. The Group's net debt-equity ratio was 0.47 as at 31 December 2007, an improvement over the debt-equity ratio of 0.58 a year ago.

Shareholders' Equity

The issued and paid-up ordinary share capital of the Company, comprising 2.8 billion shares, at end 2007 was S\$4.4 billion. This was an increase of S\$0.1 billion from end 2006 mainly due to the issue of shares arising from the release of awards under the Performance Share Plan and the exercise of share options under the Share Option Plan. The Group's total reserves at end 2007 were S\$5.6 billion, an increase of S\$2.5 billion from S\$3.1 billion in the previous year. This increase largely came from the S\$2.8 billion net profit recorded for the year, partially offset by the payment of 2006 dividends. The shareholders' fund as at end 2007 was S\$9.9 billion compared to S\$7.4 billion in 2006. As a result of the higher equity, the Group's net tangible assets increased 33.7% to S\$3.53 per share as at 31 December 2007.

Total Assets by Category

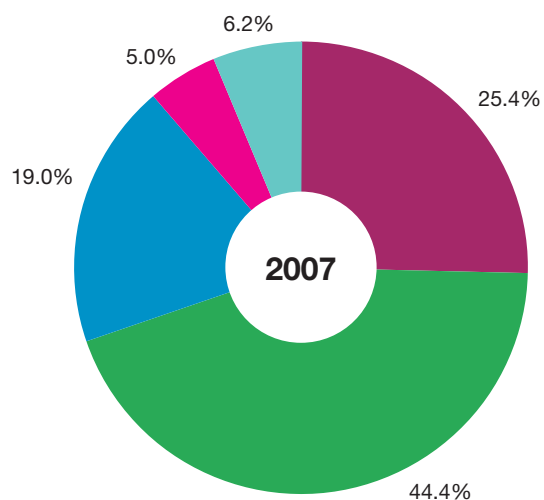
S\$ million



- Investment Properties and Properties Under Development
- Interests in Associates and Jointly-Controlled Entities
- Development Properties for Sale
- Properties, Plant & Equipment
- Other Non-Current Assets
- Other Current Assets

2007 Total Assets by Geographical Location

Total: S\$25.8 billion



- China (Including Hong Kong & Macau)
- Singapore
- Australia & New Zealand
- Europe
- Others

Performance Review

Treasury Highlights

	2007	2006
Bank Facilities and Available Funds		
Bank facilities available (S\$m)	7,406	6,833
Amount utilised for loans (S\$m)	5,712	5,491
Available and unutilised (S\$m)	1,694	1,342
Cash and fixed deposit balances (S\$m)	4,356	2,685
Unutilised facilities and funds available for use (S\$m)	6,050	4,027
Debt Securities Capacity		
Debt securities capacity (S\$m)	7,438	7,097
Debt securities issue (net of debt securities purchased) (S\$m)	4,204	2,639
Unused debt securities capacity (S\$m)	3,234	4,458
Interest Cover Ratio		
Earnings before net interest, tax, depreciation and amortisation (S\$m)	3,807	1,767
Net interest expense (S\$m)	279	182
Interest cover ratio (times)	13.64	9.73
Interest Service Ratio		
Operating cashflow before interest and tax (S\$m)	2,338	2,063
Net interest paid (S\$m)	378	230
Interest service ratio (times)	6.19	8.97
Secured Debt Ratio		
Secured debt (S\$m)	3,315	3,135
Percentage of secured debt	33%	39%
Debt Equity Ratio		
Gross debt (S\$m)	9,916	8,130
Cash and fixed deposit balances (S\$m)	4,356	2,685
Net debt (S\$m)	5,560	5,445
Equity (S\$m)	11,865	9,463
Net debt equity ratio (times)	0.47	0.58

Management and Sources of Funding

The Group strives to maintain a prudent financial structure. Its main sources of operating cashflows came from residential sales, commercial office rental and management fee income. On an ongoing basis, the Group actively reviews its cashflow, debt maturity profile and overall liquidity position. As part of its liquidity management to support its funding, investment needs and growth plans, sufficient undrawn banking facilities and capital market programmes are maintained so as to facilitate fund raising at opportunistic windows.

The Group has built up strong cash reserves and its financial capacity further strengthened during the year. As at end 2007, net gearing improved to 0.47 compared to 0.58 last year. The Group's aggregate cash and fixed deposits balance grew by 62% from S\$2.69 billion to S\$4.36 billion. Part of the cash reserves will be utilised to repay some of the debts that are maturing in 2007 and to fund its committed investments.

The overall net debt increased by only S\$115.0 million to S\$5.56 billion for year ended 2007. The increase in net debt was mainly due to borrowings raised to fund the investments in China and Vietnam.

Finance cost for the Group was S\$403.5 million for financial year ended 2007. This was 23% higher compared to S\$328.0 million in 2006 as a result of higher gross debt. Notwithstanding this, the Group's net debt to equity ratio at 0.47 was lower than 0.58 last year.

Sources of Funding

As at end 2007, 42% of the Group's total debt was raised through a diversified mix of the capital market bond issuance and the balance 58% was through bank borrowings. The higher percentage of debt raised from capital markets was mainly due to the issuance of a S\$1.0 billion, 15-year convertible bond in June 2007. During the year, bank loans increased by about S\$200.0 million and these loans were mainly raised to support funding for its overseas investments.

Sources of Funding



Performance Review

Commitment of Funding

The Group has raised its committed funding by 4% to 94% of its loan portfolio as at end 2007. The balance 6% was funded by a portfolio of relatively cheaper and flexible uncommitted short term facilities. The Group also monitors its asset versus liability match and ensures that an appropriate portion of committed funding is put in place to match the planned investments holding periods. Taking into account the Group's investment strategy, committed financing was secured whenever possible to support its ongoing investments. This was balanced with short term lines which allowed the Group to optimise the overall cost of funding, facilitate repayment of its debts from divestments or operating cashflows and yet assured the Group with sufficient credit resources to support its operations.

Maturity Profile

	S\$ billion	% of Debt
Due within 1 year *	1.81	18
Between 1 & 2 years	1.90	19
Between 2 & 3 years	1.60	16
Between 3 & 4 years	1.51	15
Between 4 & 5 years	1.30	13
After 5 years	1.80	19

* Includes long term debt with remaining loan life of less than a year to maturity.

The Group has actively built up sufficient cash reserves and credit lines to enable it to meet its short term debt obligations, support its refinancing needs and effectively react to opportunistic investments. Additionally, the Group reviews its loan profile closely so as to diversify the refinancing risks. In reviewing the maturity profile of its loan portfolio, the Group also took into account any divestment or investment plans and the prevailing credit market situations.

Available Lines by Nationality of Banks as at 31 December 2007

The Group continues to maintain an extensive and active relationship with a network of more than 30 banks of various nationalities. With this varied spectrum of network, the Group was able to tap on the strengths and support from the financial institutions in extending its growth and presence into other regions.

Interest Rate Profile

The Group manages its finance cost by maintaining a prudent mix of fixed and floating rate borrowings. As at 31 December 2007, the fixed rate borrowings constituted 75% of the portfolio and the balance 25% were on floating rate basis. As finance cost formed an integral component of the Group's operating costs, a higher percentage in fixed rate funding would

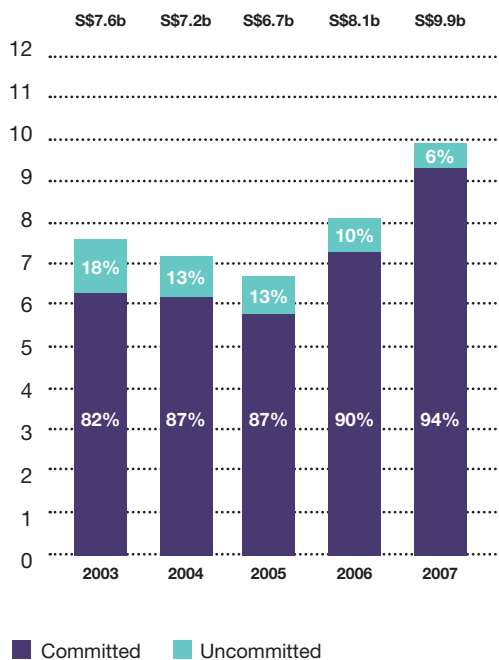
offer protection against unexpected rise in interest rates. On balance, to capitalise on the low interest rate environment, a certain portion of the loan portfolio was maintained on a floating rate basis. The Group was able to maintain a flexible profile and whenever there were divestment proceeds or sales proceeds from fast track residential sales, it could promptly utilise the proceeds to repay its floating rate loans. In managing the interest rate profile, the Group takes into account the interest rate outlook on various currencies of loans, holding periods of its investment portfolio, timing of planned divestments and operating cashflow generated from progress payment collections from its residential receivables.

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

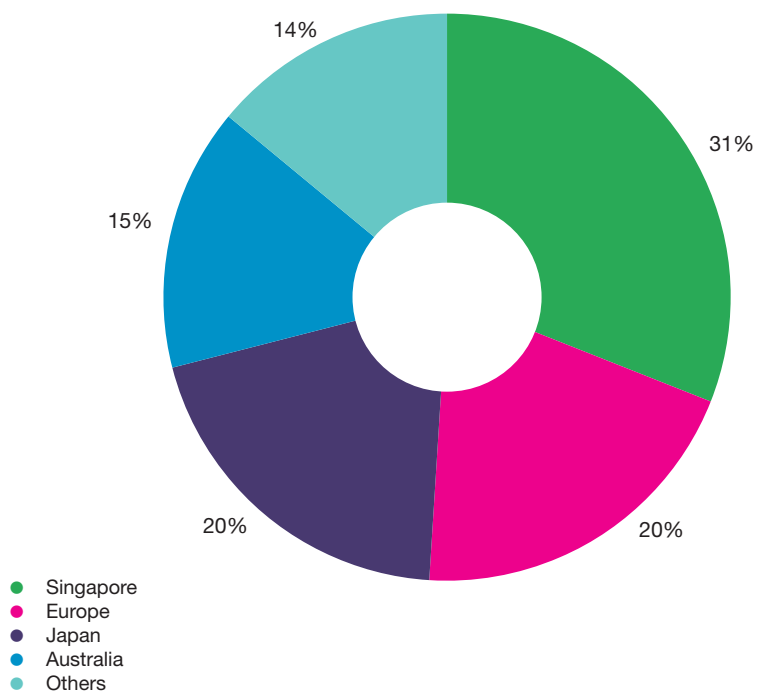
The ICR and ISR was 13.64 and 6.19 respectively. The strong ICR ratio was mainly due to higher operating margins from the development projects, the recognition of fair value gains from the Group's investment properties portfolio with the adoption of FRS 40, higher portfolio gains and improved operating performance from the Group's core businesses. ISR of 6.19 was lower than 8.97 last year due to the higher net interest expense paid as a result of increased gross debt.

Commitment of Funding

S\$ billion

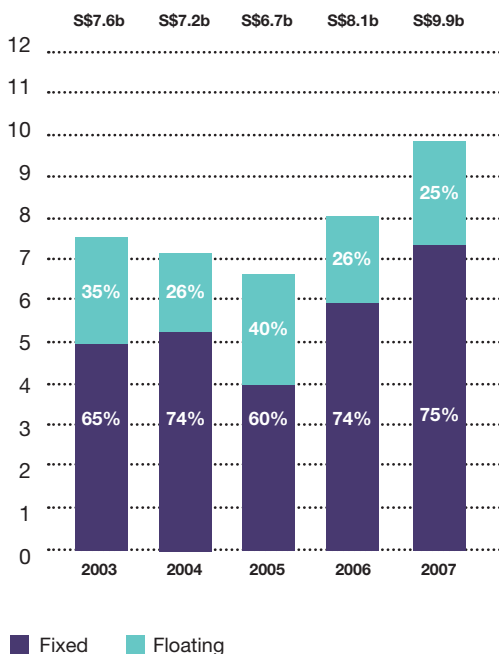


Available Lines by Nationality of Banks as at 31 December 2007



Analysis of Fixed and Floating Rate Loans

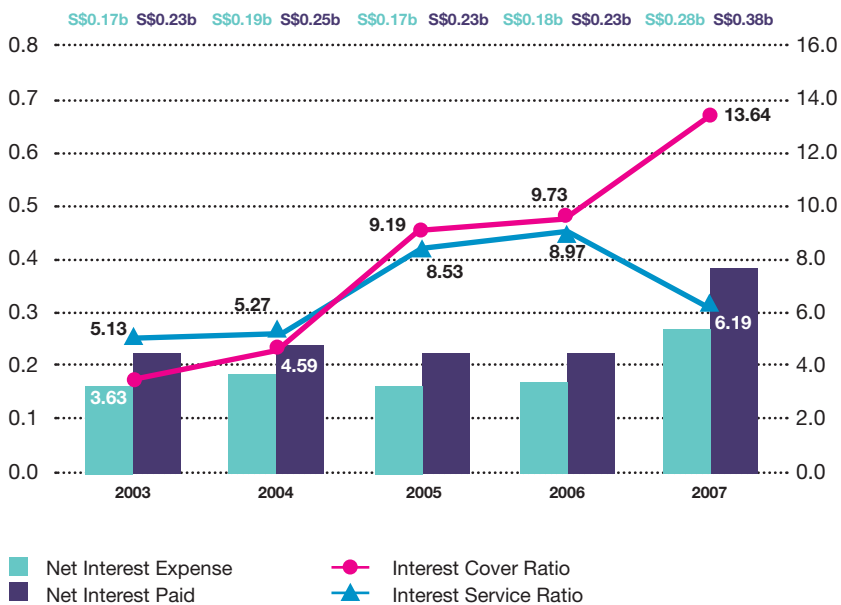
S\$ billion



Interest Cover Ratio and Interest Service Ratio

S\$ billion

Times



Economic Value Added Statements

	Note	2007 S\$ million	2006* S\$ million (restated)
Continuing and Discontinued Operations			
Net Operating Profit Before Tax		1,908.4	911.4
Adjust for:			
Share of results of associates and jointly-controlled entities		1,512.1	601.6
Interest expense		419.1	343.1
Others		53.9	15.1
Adjusted Profit Before Interest and Tax		3,893.5	1,871.2
Cash operating taxes	1	(278.2)	(214.5)
Net Operating Profit After Tax (NOPAT)		3,615.3	1,656.7
Average capital employed	2	17,748.3	16,525.0
Weighted average cost of capital (%)	3	5.8	5.6
Capital Charge (CC)		1,029.4	925.4
Economic Value Added (EVA) [NOPAT – CC]		2,585.9	731.3
Minority interests		(250.8)	(105.9)
Group EVA attributable to Equity Holders of the Company		2,335.1	625.4

Note 1: The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 2: Monthly average capital employed includes equity, interest-bearing liabilities, timing provisions, cumulative goodwill amortised and present value of operating leases.

Major Capital Components:	S\$ million
Borrowings	8,485.6
Equity	9,122.6
Others	140.1
Total	17,748.3

Note 3: The weighted average cost of capital is calculated as follows:

- Cost of Equity using Capital Asset Pricing Model with market risk premium at 5.0% (2006: 5.0%) per annum;
- Risk-free rate of 3.05% (2006: 3.31%) per annum based on yield-to-maturity of Singapore Government 10-year Bonds;
- Ungeared beta ranging from 0.50 to 0.68 (2006: 0.50 to 0.63) based on the risk categorisation of CapitaLand's strategic business units; and
- Cost of Debt rate at 3.97% (2006: 3.29%) per annum using 5-year Singapore Dollar Swap Offer rate plus 60 basis points (2006: 60 basis points).

* 2006 comparatives have been restated to take into account the retrospective adjustments relating to FRS 16 – *Property, Plant and Equipment*.

Value Added Statements

	2007 S\$ million	2006* S\$ million (restated)
Continuing and Discontinued Operations		
Value Added From:		
Revenue earned	3,792.7	3,147.7
Less bought in materials and services	(2,209.1)	(2,062.4)
Gross Value Added	1,583.6	1,085.3
Share of results of associates and jointly-controlled entities	1,512.1	601.6
Exchange gains (net)	22.2	28.1
Other operating income (net)	1,396.2	571.8
	2,930.5	1,201.5
Total Value Added	4,514.1	2,286.8
Distribution:		
To employees in wages, salaries and benefits	588.7	387.2
To government in taxes and levies	364.1	297.9
To providers of capital in:		
– Net interest on borrowings	365.7	264.5
– Dividends to shareholders	317.1	399.1
	1,635.6	1,348.7
Balance Retained in the Business:		
Depreciation and amortisation	41.6	43.4
Retained profits net of dividends to equity holders of the Company	2,442.2	613.6
Minority interests	393.1	270.0
	2,876.9	927.0
Non-Production Costs and Income:		
Allowance for doubtful receivables	1.6	11.1
Total Distribution	4,514.1	2,286.8
Productivity Analysis:		
Value added per employee (S\$'000) #	293	189
Value added per dollar of employment cost (S\$)	2.69	2.80
Value added per dollar investment in property, plant and equipment (S\$)	0.88	0.61

Based on average 2007 headcount of 5,403 (2006: 5,749).

* 2006 comparatives have been restated to take into account the retrospective adjustments relating to FRS 16 – *Property, Plant and Equipment*.

Portfolio Details

As at 31 December 2007

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
SINGAPORE							
Private Condominiums							
Botannia	West Coast Park	2006	S	Leonie Court Pte Ltd	50	493	956
Citylights	Jellicoe Road	2007	C	CRL Realty Pte Ltd	100	600	99
Latitude	near Grange Road	2007	S	CRL Realty Pte Ltd	100	127	Freehold
RiverEdge	Sampan Place	2005	S	Riveredge Development Pte Ltd	45	135	99
RiverGate	Martin Road	2005	S	Riverwalk Promenade Pte Ltd	50	545	Freehold
Scotts HighPark	Scotts Road	2006	S	Leonie Court Pte Ltd	100	73	Freehold
SunHaven	Upper Changi Road East	2002	C	CRL Realty Pte Ltd	100	295	Freehold
The Imperial	off Oxley Rise	2006	C	Leonie Court Pte Ltd	100	187	Freehold
The Metropolitan Condominium	near Tanglin Road	2006	S	Tanglin Residential Pte Ltd	50	382	99
The Orchard Residences	Orchard Turn	2006	S	Orchard Turn Developments Pte Ltd	50	175	99
The Seafront on Meyer	Meyer Road	2007	S	CRL Realty Pte Ltd	100	327	Freehold
The Waterina	Guillemard Road	2005	C	CRL Realty Pte Ltd	100	398	Freehold
Varsity Park Condominium	West Coast Road	2008	C	CRL Realty Pte Ltd	100	530	99
Visioncrest	Penang Road	2007	C	Winpeak Investment Pte Ltd	25	265	Freehold

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Tenure (Years)
SINGAPORE							
Future Projects							
Site at Alexandra Road	Alexandra Road	2007	A	Ankerite Pte Ltd	50	163,185	99
Site at Cairnhill Road	near Orchard Road	2006	A	CRL Realty Pte Ltd	100	14,890	Freehold
Site at Cairnhill Road	near Orchard Road	2007	A	Augite Pte Ltd	50	24,263	Freehold
Site at Farrer Road	Farrer Road	2007	A	Morganite Pte Ltd	35	218,114	99
Site at Nassim Hill	near Orchard Road	1999	A	CRL Realty Pte Ltd	100	15,942	Freehold
Sites at Tong Watt Road	off River Valley Road	2000	A	Leonie Court Pte Ltd	100	27,168	999
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

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
CHINA								
La Forêt	Chaoyang District, Beijing	2007	C	Beijing Xinkai Real Estate Development Co., Ltd	86.7	261,925	1,807	70
Orchid Garden	Chaoyang District, Beijing	2006	C	Beijing Orchid Garden Real Estate Development Co., Ltd	80.1	63,906	247	70
Oasis Riviera	Changning District, Shanghai	2003	S	Shanghai Ning Xin Real Estate Development Co., Ltd	70.9	275,200	1,964	70
Parc Trésor	Baoshan District, Shanghai	2005	S	Shanghai Xinshu Property Development Co., Ltd	100	84,680	705	70
Westwood Green	Minhang District, Shanghai	2005	S	Shanghai Aoshun Property Co., Ltd	86.7	108,700	426	70
Beau Monde	Tianhe District, Guangzhou	2007	C	Guangzhou Haiyi Property Development Co., Ltd	86.7	105,047	386	70
Beau Residences	Chancheng District, Foshan	2007	S	Foshan Xin De Real Estate Development Co., Ltd	100	46,454	648	70
Riverside Ville	Chancheng District, Foshan	2007	S	Foshan Xinfochen Real Estate Development Co., Ltd	100	109,672	758	70
The Riviera	Chancheng District, Foshan	2007	S	Foshan Xinfochen Real Estate Development Co., Ltd	100	54,178	208	70
I-World	Gongshu District, Hangzhou	2007	S	CapitaLand Xinyun (Hangzhou) Real Estate Development Co., Ltd	50	129,084	1,111	70
Luff Egret	Wenjiang District, Chengdu	2007	S	Sichuan CapitaLand Zhixin Co., Ltd	50	238,485	1,485	70
Summit Residences Ningbo	Jiangbei District, Ningbo	2007	S	Ningbo Xin Yao/Xin Feng Property Development Co., Ltd	50	144,409	870	70
Tower 15, Hong Kong Parkview	Hong Kong Repulse Bay	1999	A	Central Hill Limited	75	9,722	2	75+75

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

Portfolio Details

As at 31 December 2007

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
CHINA (cont'd)								
Future Projects								
La Capitale	Dongcheng District, Beijing	2007	A	Beijing Xin Xu Real Estate Development Co., Ltd	99	50,845	#	70
Royal Residences Beijing	Dongcheng District, Beijing	2007	A	Beijing CapitaLand Xin Ming Real Estate Development Co., Ltd	100	15,130	17 (estimated)	70
The Pines	Chaoyang District, Beijing	2006	A	Beijing CapitaLand Pin Yuan Real Estate Development Co., Ltd	100	31,142	157	70
Xiangxili	Changping District, Beijing	2007	A	Beijing Rising Harmony Real Estate Development Co., Ltd	90	324,067	#	70
Site at Jingmian	Chaoyang District, Beijing	2006	A	Beijing Heng Shi Tong Fang Real Estate Development Co., Ltd	50	137,000	980 (estimated)	70
Guangnan Project	Qingpu District, Shanghai	2007	A	Shanghai Guangnan Real Estate Development Co., Ltd	95	63,643	200	70
Site at Jin Sha Zhou	Baiyun District, Guangzhou	2005	A	Guangzhou Beautiwin Real Estate Development Co., Ltd	60	369,800	3,400	70
La Cité Foshan	Chancheng District, Foshan	2006	A	Foshan Xinkai Real Estate Development Co., Ltd	100	79,996	720	70
FloraLand II	Wenjiang District, Chengdu	2007	A	Chengdu CapitaLand Zhixin Wenjiang Co.,Ltd	50	711,659 (residential) 265,353 (commercial)	7,421	70
The Loft Chengdu	Qingyang District, Chengdu	2007	A	Chengdu Xinkai Co., Ltd	56	430,518	3,838	70
Site at Wenjiang – 331	Wenjiang District, Chengdu	2006	A	Sichuan CapitaLand Zhixin Co., Ltd	50	331,380	2,240 (estimated)	70
Site at Wenjiang – 330	Wenjiang District, Chengdu	2006	A	Sichuan CapitaLand Zhixin Co., Ltd	50	300,002	1,900 (estimated)	70

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

No of units to be confirmed

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
INDIA								
The Orchard Residency	Mumbai	2006	A	Lonsvale Pte Ltd	49	64,000	590	Freehold
THAILAND								
Athenee Residence	Bangkok	2007	C	TCC Capital Land Limited	40	81,842	217	Freehold
North Park Place	Bangkok	2007	S	TCC Capital Land Limited	40	33,337	128	Freehold
The Empire Place	Bangkok	2005	S	TCC Capital Land Limited	40	87,634	493	Freehold
The Emporio Place	Bangkok	2005	A	TCC Capital Land Limited	40	70,125	361	Freehold
The Royal Residence	Bangkok	2005	S	TCC Capital Land Limited	40	44,121	72	Freehold
Villa Rachakhru	Bangkok	2005	S	TCC Capital Land Limited	40	6,959	69	Freehold
Villa Rachatewi	Bangkok	2006	A	TCC Capital Land Limited	40	76,240	603	Freehold
Villa Sathorn	Bangkok	2007	S	TCC Capital Land Limited	40	54,291	636	Freehold
Site at Sukhumvit 101/1	Bangkok	2007	A	TCC Capital Land Limited	40	55,540	810	Freehold
Site at Tup Kaek	Krabi	2006	A	TCC Capital Land Limited	40	10,076	99 (estimated)	Freehold
Site at Jomtien	Pattaya	2006	A	TCC Capital Land Limited	40	47,924	250	Freehold
VIETNAM								
Le Chalet	District 7, Ho Chi Minh City	2006	A	CapitaLand (Vietnam) Holdings Pte Ltd	80	129,700	600 (estimated)	Freehold
The Vista	District 2, Ho Chi Minh City	2007	S	CapitaLand (Vietnam) Holdings Pte Ltd	80	129,700	750	Freehold
Site at District 9 – Villa	Ho Chi Minh City	2007	A	CapitaLand (Vietnam) Holdings Pte Ltd	75	66,500 (site area)	300 (estimated)	Freehold
Site at District 9 – High-rise	Ho Chi Minh City	2007	A	CapitaLand (Vietnam) Holdings Pte Ltd	75	250,000	1,200 (estimated)	Freehold
KAZAKHSTAN								
Site at Almaty	Almaty	2007	A	Kestrel Pte Ltd	70	28,000	150 (residential and serviced apartments)	Freehold

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

Portfolio Details

As at 31 December 2007

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (S\$'000)
SINGAPORE								
Office								
1 George Street	George Street	2004	C	George Street Pte Ltd	100	41,621	99	1,060,000
6 Battery Road	Battery Road	1989	A	CapitaCommercial Trust	29.8	46,132	999	^
Bugis Village	Queen Street/Rochor Road/Victoria Street	1989	A	CapitaCommercial Trust	29.8	11,146	99	^
Capital Tower	Robinson Road	2000	C	CapitaCommercial Trust	29.8	68,827	99	^
Hitachi Tower	Collyer Quay	2000	A	Savu Investments Ltd	50	25,972	999	^
HSBC Building	Collyer Quay	2005	A	CapitaCommercial Trust	29.8	18,624	999	^
PWC Building	Cross Street	2000	C	DBS China Square Limited	30	33,080	99	^
Robinson Point	Robinson Road	1997	C	CapitaCommercial Trust	29.8	12,369	Freehold	^
Starhub Centre	Cuppage Road	1998	C	CapitaCommercial Trust	29.8	26,077	99	^
The Adelphi	Coleman Street	1988	A	Adelphi Property Pte Ltd	100	16,543	999	220,000
Carpark								
Golden Shoe Car Park	Market Street	1989	A	CapitaCommercial Trust	29.8	4,007	99	^
Market Street Car Park	Market Street	1989	A	CapitaCommercial Trust	29.8	1,970	99	^
Retail								
Bugis Junction	Victoria Street	2005	A	CapitaMall Trust	29.4	39,085	99	^
Bukit Panjang Plaza	Jelevu Road	2003	A	CapitaRetail BPP Trust	29.4	13,775	99	^
Clarke Quay	River Valley Road	1993	C	Clarke Quay Pte Ltd	100	27,289	99	256,000
Funan DigitaLife Mall	North Bridge Road	1984	C	CapitaMall Trust	29.4	27,555	99	^
Hougang Plaza	Hougang Central	2005	A	CapitaMall Trust	29.4	6,512	99	^
IMM Building	Jurong East	2003	A	CapitaMall Trust	29.4	84,316	30 + 30	^
ION Orchard	Orchard Road	2005	A	Orchard Turn Retail Investment Pte Ltd	50	101,296	99	n/a
Junction 8	Bishan	1993	C	CapitaMall Trust	29.4	22,898	99	^
Jurong Entertainment Centre	Jurong East	2005	A	CapitaMall Trust	29.4	10,290	99	^
Lot One Shoppers' Mall	Choa Chu Kang	2003	A	CapitaRetail Lot One Trust	29.4	18,487	99	^

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

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (S\$'000)
SINGAPORE (cont'd)								
Retail (cont'd)								
Plaza Singapura	Orchard Road	1974	C	CapitaMall Trust	29.4	46,216	Freehold	^
Retail and Entertainment Hub	Vista Xchange, one-north	2007	A	One Trust	100	24,000	99	n/a
Rivervale Mall	Rivervale Crescent	2003	A	CapitaRetail Rivervale Trust	29.4	7,578	99	^
Sembawang Shopping Centre	Sembawang	2005	A	CapitaMall Trust	29.4	n/a	999	^
Tampines Mall	Tampines Central	1995	C	CapitaMall Trust	29.4	30,053	99	^
Integrated Development								
Raffles City	North Bridge Road/ Stamford Road/ Bras Basah Road	2006	A	RCS Trust	30.1	73,567 (office, retail and 2,032 hotel rooms)	99	^
Wilkie Edge** (Property has been sold to Ascott Scotts Pte. Ltd. and CapitaCommercial Trust with completion expected in 4Q 2008)	Wilkie Road	2006	S	CapitaLand Selegie Private Limited	100	29,812 (GFA)	99	67,846
Industrial								
Corporation Place	Corporation Road	1993	C	Corporation Place Ltd	75	57,860	60	^
Kallang Avenue Industrial Centre	Kallang Avenue	1989	A	KAIC Pte Ltd	100	10,271	99	19,900
Kallang Bahru Complex	Kallang Avenue	1989	A	KBC Pte Ltd	100	15,784	99	30,000
Technopark @Chai Chee	Chai Chee Road	1982	A	Wan Tien Realty (Pte) Ltd	100	105,893	60	205,900

^ Total book value of non wholly-owned Singapore commercial and retail properties: S\$12.07 billion

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

** Under redevelopment

Portfolio Details

As at 31 December 2007

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (\$'000)
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BAHRAIN

Integrated Development

Raffles City Bahrain	Manama	2007	A	Bahrain Bay Integrated Development	37.1	288,000	Freehold	n/a
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CHINA

Office

Capital Tower Beijing	Chaoyang District, Beijing	2006	C	Beijing Xin Jin Cheng Property Management Co., Ltd	100	107,627	50	450,409
Red Diamond Plaza	Haidian District, Beijing	2006	A	Beijing Red Diamond Science & Technology Development Co., Ltd	100	22,667	50	34,819
Site at Wenjiang – 110	Wenjiang District, Chengdu	2006	A	Sichuan Zhixin CapitaLand Co., Ltd	50	73,647	40	n/a

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Expiry of Land Tenure (Years)	Total Book Value as at 31 Dec 07 (\$'000)
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CHINA

Retail

Anzhen Mall	Chaoyang District, Beijing	1994	C	CapitaRetail China Trust	25.75	43,442	2034/2042	^^
Saihan Mall	Saihan District, Huhehaote	2002	C	CapitaRetail China Trust	25.75	41,938	2041	^^
Jiulong Mall	Chaoyang District, Beijing	2003	C	CapitaRetail China Trust	25.75	49,526	2042	^^
Qibao Mall	Min Hang District, Shanghai	2003	C	CapitaRetail China Trust	25.75	83,986	2043	^^
Wangjing Mall	Chaoyang District, Beijing	2006	C	CapitaRetail China Trust	25.75	82,634	2043/2053	^^
Xinwu Mall	Xinwu District, Wuhu	2005	C	CapitaRetail China Trust	13.13	59,624	2044	^^
Zhengzhou Mall	Er Qi District, Zhengzhou	1992	C	CapitaRetail China Trust	25.75	92,356	2042	^^

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

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (S\$'000)
CHINA (cont'd)								
Retail (cont'd)								
Anyang Mall (under construction)	Beiguan District, Anyang	2006	A	Anyang SZITIC Commercial Property Co., Ltd	29.3	36,303	40	^^
Chancheng Mall (under construction)	Chancheng District, Foshan	2006	A	Foshan City SZITIC Commercial Property Co., Ltd	29.3	93,668	30 (commercial) 40 (office, carpark)	^^
Chengdu Shawan Mall (under construction)	Jinniu District, Chengdu	2007	A	CapitaRetail ChengDu FuQin Real Estate Co., Ltd	30.0	50,740	40	^^
Chengnanyuan Mall	Donghu District, Nanchang	2006	C	Nanchang SZITIC Commercial Property Co., Ltd	29.3	45,007	40	^^
Chikan Mall (under construction)	Chikan District, Zhanjiang	2006	A	Zhanjiang SZITIC Commercial Property Co., Ltd	29.3	48,668	40	^^
Danshui Mall	Huiyang District, Huizhou	2006	A	Huizhou City SZITIC Commercial Property Co., Ltd	29.3	38,669	40	^^
Deyang Mall (under construction)	Junction of East Changjiang Road and North Tianshan Road, Deyang	2006	A	Deyang SZITIC Commercial Property Co., Ltd	29.3	44,903	40	^^
Fucheng Mall	Fucheng District, Mianyang	2005	A	Mianyang SZITIC Commercial Property Co., Ltd	29.3	56,538	40	^^
Gaoxin Mall	Gaoxin District, Weifang	2005	C	Weifang SZITIC Commercial Property Co., Ltd	29.3	48,946	40	^^
Guicheng Mall	Nanhai District, Foshan	2006	C	Foshan City Nanhai SZITIC Commercial Property Co., Ltd	51	65,413	40	^^
Haerbin Mall (under construction)	Daoli District, Haerbin	2007	A	Beijing Hualian Haerbin Real Estate Development Co., Ltd	45.0	49,093	40	^^
Hengyang Mall (under construction)	Gaoxin District, Hengyang	2007	A	Hengyang SZITIC Commercial Property Co., Ltd	29.3	62,231	40	^^
Jiangbin Mall	Licheng District, Quanzhou	2006	C	Quanzhou SZITIC Commercial Property Co., Ltd	29.3	43,096	40	^^
Jinniu Mall	Jinniu District, Chengdu	2006	C	SZITIC (Chengdu) Commercial Property Co., Ltd	29.3	44,207	40	^^
Jiulongpo Mall	Jiulongpo District, Chongqing	2005	C	Chongqing Zhongshan Huihua Investment Co., Ltd	51	53,302	40	^^

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

Portfolio Details

As at 31 December 2007

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (\$'000)
CHINA (cont'd)								
Retail (cont'd)								
Liuquan Mall (under construction)	Zhangdian District, Zibo	2006	A	Zibo SZITIC Commercial Property Co., Ltd	29.3	41,870	40	^^
Maanshan Mall (under construction)	Junction of Yushan Road and Kangle Road, Maanshan	2007	A	Maanshan SZITIC Commercial Property Co., Ltd	29.3	40,460	40	^^
Maoming Mall	Xiyue South Road, Maoming	2006	C	Maoming City SZITIC Commercial Property Co., Ltd	51	37,882	40	^^
Nanan Mall (under construction)	Cuiping District, Yibin	2006	A	Yibin SZITIC Commercial Property Co., Ltd	29.3	39,144	40	^^
Nancheng Mall (under construction)	Nancheng District, Dongguan	2006	A	Dongguan City SZITIC Commercial Property Co., Ltd	29.3	43,766	50	^^
Rizhao Mall (under construction)	Junction of Haiqu East Road and Qingdao Road, Rizhao City, Xiamen	2007	A	CapitaRetail RiZhao HaiQu Infrastructure Management Limited	30.0	99,039	40	^^
Shapingba Mall (under construction)	Shapingba Shopping District, Chongqing	2007	A	CapitaRetail Chongqing Shaping Consulting & Management Co., Ltd	30.0	41,877	50	^^
Shengtuotou Mall	Futian District, Shenzhen	2006	A	CapitaRetail Qiaoxiang (Shenzhen) Co., Ltd	22.5	205,495	40	^^
Shunde Mall (under construction)	Shunde District, Foshan	2006	A	Foshan City Shunde SZITIC Commercial Property Co., Ltd	29.3	72,093	40	^^
Tianjin Zhonghuan Mall (under construction)	Hexi District, Tianjin	2007	A	CapitaRetail TianJin ZhongHuan Infrastructure Developments Limited	30.0	59,733	50	^^
Weiyang Mall (under construction)	Junction of Yangzijiang, North Road and Siwangting Road, Yangzhou	2006	A	Yangzhou SZITIC Commercial Property Co., Ltd	29.3	52,734	40	^^
Wuhan Mall (under construction)	Junction of Wusheng Road and Zhongshan Street, Wuhan	2007	A	Wuhan Guangxinlian Real Estate Development Co., Ltd	45.0	139,866	40	^^
Xiangcheng Mall	Xiangcheng District, Zhangzhou	2006	C	Zhangzhou SZITIC Commercial Property Co., Ltd	51	49,006	40	^^
Xinxiang Mall (under construction)	Hongqi District, Xinxiang	2006	A	Xinxiang SZITIC Commercial Property Co., Ltd	29.3	38,147	40	^^
Xizhimen Mall (Phase 1)	Xizhimen, Xicheng District, Beijing	2006	A	CapitaRetail Beijing Xizhimen Real Estate Co. Ltd	30	73,857	40	^^

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

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (S\$'000)
CHINA (cont'd)								
Retail (cont'd)								
Yiyang Mall (under construction)	Heshan District, Yiyang	2006	A	Yiyang SZITIC Commercial Property Co., Ltd	29.3	35,241	40	^^
Yuhuating Mall	Shaoshan Road Central, Changsha	2005	C	Hunan SZITIC Commercial Property Development Co., Ltd	51	75,431	40	^^
Yushan Mall (under construction)	Yushan Town, Kunshan	2006	A	Kunshan SZITIC Commercial Property Co., Ltd	29.3	45,021	40	^^
Zhaoqing Mall (under construction)	Duanzhou District, Zhaoqing	2006	A	Zhaoqing SZITIC Commercial Property Co., Ltd	29.3	44,529	40	^^
Zhuzhou Mall (under construction)	Hetang District, Zhuzhou	2007	A	Zhuzhou SZITIC Commercial Property Co., Ltd	29.3	60,268	40	^^
Integrated Development								
Capital Plaza Ningbo	Jiangbei District, Ningbo	2005	A	Ningbo Xinyin Property Development Co., Ltd	100	97,941	50	106,953
Raffles City Shanghai	Huangpu District, Shanghai	2003	C	Shanghai Hua Qing Real Estate Development Co., Ltd	55.9	165,171	50	^^
Raffles City Beijing	Dongcheng District, Beijing	2006	S	Beijing Xin Jie Real Estate Development Co., Ltd	86.7	97,665	50 (general) 40 (retail)	^^
Raffles City Chengdu	Wuhou District, Chengdu	2006	A	Chengdu Raffles Industry Co., Ltd	100	195,431	40	107,117
Danling Project	Zhabei District, Shanghai	2007	A	Shanghai CapitaLand Xinchuang Real Estate Development Co., Ltd	100	71,086	50 (office, retail and serviced apartments)	7,988
Raffles City Hangzhou	Qianjiang New Town, Hangzhou	2007	A	Xinyun Investment Management (Hangzhou) Co., Ltd	100	283,568	50 (office, retail, serviced apartments and hotel rooms)	19,583

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

Portfolio Details

As at 31 December 2007

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (\$'000)
HONG KONG								
Industrial								
Corporation Park	Sha Tin	1996	C	Sea Dragon Ltd	30	40,099 (GFA)	54	^^
INDIA								
Retail								
Udaipur Mall Project	Udaipur	2007	A	Flicker Projects Private Limited	70	35,720	99	^^
JAPAN								
Retail								
COOP Kobe Nishinomiya Higashi	Nishinomiya-shi, Hyogo	2007	A	CapitaRetail CK Tokutei Mokuteki Kaisha	26.3	7,355	Freehold	^^
Ito-Yokado Chitose	Chitose, Hokkaido	2005	A	CapitaRetail IYC Tokutei Mokuteki Kaisha	26.3	26,338	Freehold	^^
Ito-Yokado Eniwa	Eniwa, Hokkaido	2006	A	CapitaRetail IYE Tokutei Mokuteki Kaisha	26.3	12,469	Freehold	^^
Izumiya Hirakata	Hirakata-shi, Osaka	2005	A	CapitaRetail IH Tokutei Mokuteki Kaisha	26.3	24,097	Freehold	^^
La Park Mizue	Mizue, Edogawa-Ku, Tokyo	2003	A	CapitaRetail LPM Tokutei Mokuteki Kaisha	26.3	18,380	Freehold	^^
Narashino SC	Funabashi-shi, Chiba	2007	A	CapitaRetail NS Tokutei Mokuteki Kaisha	26.3	10,648	Freehold	^^
ViVit SQUARE	Funabashi-shi, Chiba	2005	A	CapitaRetail VS Tokutei Mokuteki Kaisha	26.3	48,952	Freehold	^^
MACAU								
Integrated Development								
Macao Studio City	Cotai	2007	S	East Asia Televisao Por Satalite Limitada	20	340,000 (proposed GFA for Phase 1)	25 (wef 17 Oct 2001, renewable until 19 Dec 2049)	n/a

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

COMMERCIAL AND RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 07 (S\$'000)
MALAYSIA								
Office								
Menara Citibank	Jalan Ampang, Kuala Lumpur	1994	A	Inverfin Sdn Bhd	30	69,379	Freehold	^^
Retail								
Gurney Plaza	Persiaran Gurney, Penang	2007	A	CapitaRetail Gurney Sdn Bhd	100	65,205	Freehold	337,486
MINES Shopping Fair	Jalan Dulang, Selangor	2007	A	Mutual Streams Sdn Bhd	100	60,279	99	186,918
UNITED KINGDOM								
Residential								
25 Kensington Square	Central London	2006	A	838 Pte Ltd	33.3	330	Freehold	^^
Office								
1 Derry Street	Central London	2006	A	828 Pte Ltd	33.3	2,991	99	^^
Integrated Development								
99 – 121 Kensington High Street	Central London	2006	A	818 Pte Ltd	33.3	33,437	Freehold	^^

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

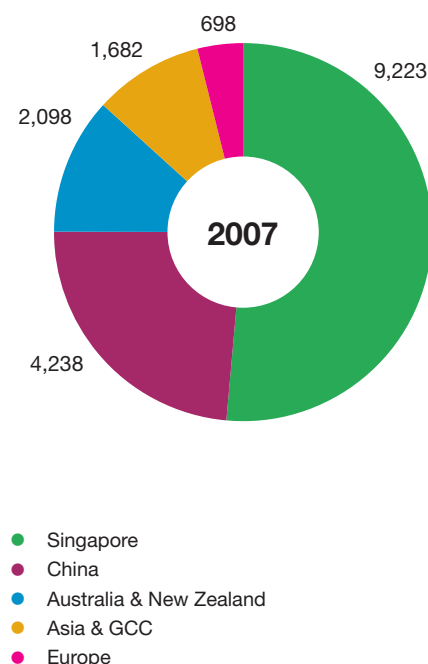
^^ Total book value of non wholly-owned overseas commercial and retail properties: S\$4.08 billion

Portfolio Analysis

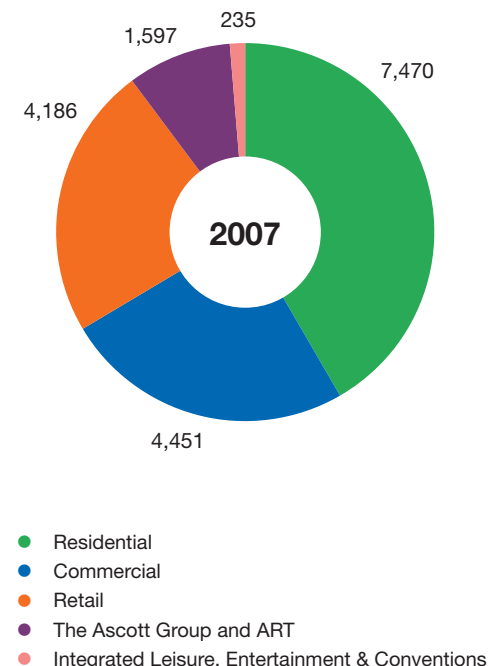
The Group's property portfolio, as at 31 December 2007, comprised development properties, investment properties and serviced residences owned by subsidiaries, associated and joint-venture companies.

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

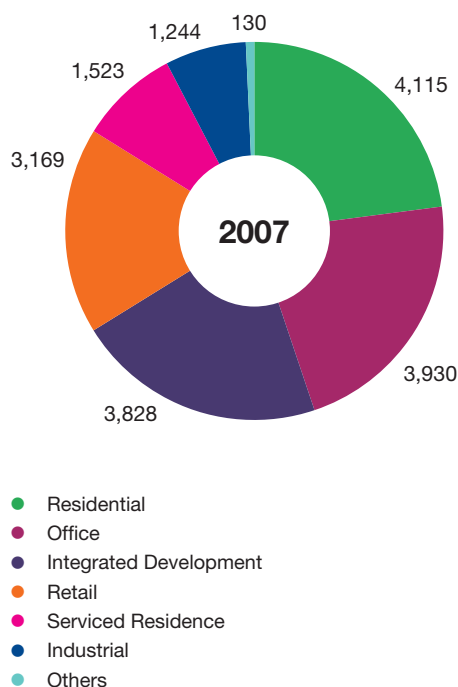
Property Value by Region (\$m)



Property Value by SBU (\$m)



Property Value by Sector (\$m)



5-Year Financial Summary

	2003	2004 ⁽¹⁾	2005 ⁽¹⁾	2006 (Restated)	2007
(A) INCOME STATEMENTS (\$ million)					
Revenue by Activity					
Rental and related income	223.9	365.1	207.8	309.5	407.8
Trading of properties	2,565.4	2,315.2	2,924.0	2,159.7	2,720.4
Serviced residence operations	151.2	202.1	389.8	434.5	389.9
Hotels operations	576.2	–	–	–	–
Property services	123.8	–	–	–	–
Others	61.2	331.7	383.8	282.0	436.0
Inter-segment elimination	(50.8)	(35.0)	(59.8)	(38.0)	(161.4)
Total	3,650.9	3,179.1	3,845.6	3,147.7	3,792.7
Earnings Before Interest and Tax (EBIT) by Activity					
Rental and related income	103.6	216.8	185.4	844.1	2,610.7
Trading of properties	367.2	452.5	554.6	583.3	852.1
Serviced residence operations	25.6	51.0	97.4	148.4	253.8
Hotels operations	25.0	–	–	–	–
Property services	8.7	–	–	–	–
Others	44.5	92.1	22.9	238.3	107.4
Total	574.6	812.4	860.3	1,814.1	3,824.0
Net Profit attributable to Shareholders	102.6	305.7	750.5	1,012.7	2,759.3
(B) BALANCE SHEETS (\$ million)					
Investment Properties and Properties Under Development	6,739.8	4,401.6	6,548.9	5,668.3	6,777.4
Development Properties for Sale	3,876.3	4,283.0	3,542.5	3,622.7	3,540.8
Associates, Jointly-Controlled Entities and Partnership	3,060.9	3,755.9	3,928.7	4,749.9	6,450.7
Other Assets	4,197.8	4,795.3	4,163.0	6,551.3	9,072.4
Total Assets	17,874.8	17,235.8	18,183.1	20,592.2	25,841.3
Equity attributable to equity holders of the Company	6,065.2	5,355.8	6,657.7	7,367.7	9,940.9
Total Borrowings	7,631.1	7,196.8	6,611.9	8,129.8	9,916.1
Minority Interests and Other Liabilities	4,178.5	4,683.2	4,913.5	5,094.7	5,984.3
Total Equity & Liabilities	17,874.8	17,235.8	18,183.1	20,592.2	25,841.3
(C) FINANCIAL RATIOS					
Earnings per share (cents)	4.1	12.1	28.3	36.6	98.6
Return on Shareholders' Funds (%)	1.7	5.4	12.5	14.5	31.9
Return on Total Assets (%)	2.6	4.2	8.2	8.7	15.7
Dividend					
First & final dividend rate (cents)	4.0	5.0	6.0	7.0	8.0
Special dividend rate (cents)	–	1.0	12.0	5.0	7.0
Total dividends per ordinary share (cents)	4.0	6.0	18.0	12.0	15.0
Dividend cover (times)	1.3	2.6	1.9	3.2	6.6
Net Tangible Assets per share (\$\$)	2.39	2.10	2.41	2.64	3.53
Debt Equity Ratio (net of cash) (times)	0.77	0.71	0.50	0.58	0.47
Interest Cover Ratio (times)	3.63	4.59	9.19	9.73	13.64

Note:

For changes in accounting policies, adoption of new and/or revised accounting standards, 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 the requirements arising from the said changes or adoption.

⁽¹⁾ On 12 May 2005 and 30 September 2005, the Group completed the sale of shares in PREMAS International Limited and the sale of Raffles Holding Limited's hotel business ("discontinued operations") respectively. Accordingly, the discontinued operations of PREMAS and the hotel business had been disclosed as a single amount on the face of the income statement. As such revenue and EBIT for 2004 and 2005 disclosed above excluded the contributions from discontinued operations.

Other Information

1. Directors' Remuneration

Number of Directors of CapitaLand Limited in Remuneration Bands:

Remuneration Bands	2007	2006
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	12	11
Total	13	12

Directors' Compensation Table for the Financial Year Ended 31 December 2007:

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus (paid in respect of financial year 2006) and other benefits inclusive of employer's CPF ⁽¹⁾ \$	Directors' fees inclusive of attendance fees ⁽²⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau	–	–	152,000	152,000
Hsuan Owyang	–	–	200,000	200,000
Liew Mun Leong	1,147,264	5,347,213	–	6,494,477
Lim Chin Beng	–	–	106,000	106,000
Jackson Peter Tai	–	–	113,100	113,100
Peter Seah Lim Huat	–	–	99,700	99,700
Richard Edward Hale	–	–	136,000	136,000
Professor Robert Henry Edelstein	–	–	82,000	82,000
Dr Victor Fung Kwok King	–	–	71,400	71,400
James Koh Cher Siang	–	–	138,000	138,000
Arfat Pannir Selvam	–	–	149,000	149,000
Professor Kenneth Stuart Courtis	–	–	62,950	62,950
Andrew Robert Fowell Buxton ⁽³⁾	–	–	13,750	13,750
Sub-Total 1	1,147,264	5,347,213	1,323,900	7,818,377
Payable by Subsidiaries:				
Hsuan Owyang	–	–	193,000	193,000
Lim Chin Beng	–	–	77,000	77,000
Richard Edward Hale	–	–	160,000	160,000
Andrew Robert Fowell Buxton ⁽³⁾	–	–	7,200	7,200
Sub-Total 2	–	–	437,200	437,200
Total for Directors of the Company	1,147,264	5,347,213	1,761,100	8,255,577

During the year 2007, contingent awards of 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 bonus figures shown above relate to performance for the financial year ended 31 December 2006.

⁽²⁾ The directors' fees will only be paid upon approval by the shareholders at the forthcoming Annual General Meeting of the Company and its subsidiaries.

⁽³⁾ Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.

1. Directors' Remuneration (cont'd)

Directors' Compensation Table for the Financial Year Ended 31 December 2006:

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus (paid in respect of financial year 2005) and other benefits inclusive of employer's CPF ⁽¹⁾ \$	Directors' fees inclusive of attendance fees ⁽²⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau	–	–	114,700	114,700
Hsuan Owyang	–	–	149,500	149,500
Liew Mun Leong	1,093,034	4,048,206	–	5,141,240
Lim Chin Beng	–	–	86,274	86,274
Jackson Peter Tai ⁽³⁾	–	–	90,000	90,000
Peter Seah Lim Huat	–	–	89,530	89,530
Richard Edward Hale	–	–	116,800	116,800
Professor Robert Henry Edelstein	–	–	67,500	67,500
Dr Victor Fung Kwok King	–	–	60,000	60,000
James Koh Cher Siang	–	–	119,800	119,800
Arfat Pannir Selvam	–	–	116,999	116,999
Andrew Robert Fowell Buxton ⁽⁴⁾	–	–	69,900	69,900
Sub-Total 1	1,093,034	4,048,206	1,081,003	6,222,243
Payable by Subsidiaries:				
Hsuan Owyang	–	–	86,000	86,000
Lim Chin Beng	–	–	64,000	64,000
Richard Edward Hale	–	–	90,683 ⁽⁵⁾	90,683
Andrew Robert Fowell Buxton ⁽⁴⁾	–	–	34,103	34,103
Sub-Total 2	–	–	274,786	274,786
Total for Directors of the Company	1,093,034	4,048,206	1,355,789	6,497,029

During the year 2006, share options and contingent awards of 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 bonus figures shown above relate to performance for the financial year ended 31 December 2005.

⁽²⁾ The directors' fees were approved by the shareholders and had since been paid.

⁽³⁾ Fees were paid to the employer company of Mr Jackson Peter Tai.

⁽⁴⁾ Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.

⁽⁵⁾ Included back-pay of fees for financial year 2005 of \$8,583.

Other Information

2. Directors' Interests in Contracts Entered with the Group

During the year, Mr Liew Mun Leong, a director of the Company, bought a unit in The Seafront on Meyer (one of the Group's projects in Singapore) for \$2,678,000 (\$2,819,000 less discount under staff purchase scheme eligible for all full time confirmed staff of the Group). The Audit Committee had approved the said sale and the Board has also reviewed the transaction and was satisfied that the terms of the transaction were fair and reasonable, and were not prejudicial to the interests of the Company and its minority shareholders.

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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Arfat Pannir Selvam:				
Paid or payable to Arfat Selvam Alliance LLC	36	–	–	–
Professor Kenneth Stuart Courtis:				
Paid or payable to Professor Kenneth Stuart Courtis	15	–	–	–

3. 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:

	The Group 2007 \$'000
Transactions for the Sale of Goods and Services:	
Temasek Holdings (Private) Limited and its associates	6,908
Transactions for the Purchase of Goods and Services:	
Temasek Holdings (Private) Limited and its associates	122
Directors and Their Associates:	
Transactions with Liew Mun Leong (Please refer to Item 2 of "Other Information" section on Directors' Interests in Contracts entered with the Group)	2,678

4. Executives' Remuneration

Remuneration Data (for employees earning \$500,000 and above) for financial year ended 31 December 2007:

Total Compensation Bands	Total Number of Employees
\$500,000 to \$749,999	13
\$750,000 to \$999,999	2
\$1,000,000 to \$1,249,999	1
\$1,250,000 to \$1,499,999	–
\$1,500,000 to \$1,749,999	1
\$1,750,000 to \$1,999,999	2
\$2,000,000 to \$2,249,999	1
\$2,250,000 to \$2,499,999	1
\$2,500,000 to \$2,749,999	–
\$2,750,000 to \$2,999,999	1
≥ \$3,000,000	4
Total	26

Note 1: The above executives' remuneration data pertains only to the Group's employees in Singapore and those who are posted overseas. It does not include the remuneration data of the employees of listed subsidiaries and overseas subsidiaries.

Note 2: Total compensation comprises salary, annual wage supplement, bonus and other benefits in kind.

Shareholding Statistics

As at 28 February 2008

Share Capital Fully Paid

S\$4,351,363,098.06 (comprising 2,806,811,441 fully paid Ordinary Shares; 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	1,120,469,427	39.92
2 DBS Nominees (Private) Limited	717,927,571	25.58
3 Citibank Nominees Singapore Pte Ltd	226,151,683	8.06
4 DBSN Services Pte. Ltd.	154,141,972	5.49
5 HSBC (Singapore) Nominees Pte Ltd	140,977,625	5.02
6 United Overseas Bank Nominees (Private) Limited	100,893,609	3.59
7 Raffles Nominees (Pte.) Limited	62,087,282	2.21
8 Morgan Stanley Asia (Singapore) Securities Pte Ltd	23,211,548	0.83
9 DB Nominees (Singapore) Pte Ltd	19,322,596	0.69
10 Lee Pineapple Company (Pte) Limited	10,000,000	0.36
11 Raffles Investments Limited	9,080,400	0.32
12 Pei Hwa Foundation Limited	7,713,557	0.28
13 OCBC Nominees Singapore Private Limited	6,909,782	0.25
14 Royal Bank of Canada (Asia) Limited	5,255,943	0.19
15 Merrill Lynch (Singapore) Pte. Ltd.	4,900,625	0.17
16 Oversea Chinese Bank Nominees Pte Ltd	4,382,062	0.16
17 Societe Generale Singapore Branch	3,346,226	0.12
18 TM Asia Life Singapore Ltd – PAR Fund	2,615,000	0.09
19 NTUC Fairprice Co-operative Ltd.	2,600,000	0.09
20 BNP Paribas Nominees Singapore Pte Ltd	2,551,930	0.09
Total	2,624,538,838	93.51

Substantial Shareholder

As shown in the Register of Substantial Shareholders as at 28 February 2008

Name of Substantial Shareholder	No. of ordinary shares in which	
	substantial shareholder has a direct interest	substantial shareholder is deemed to have an interest
Temasek Holdings (Private) Limited	1,120,469,427	49,589,073 ⁽¹⁾

Note: ⁽¹⁾ By virtue of Section 7 of the Companies Act, Cap. 50 of Singapore, Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in 49,589,073 ordinary shares in which Temasek's subsidiary and associated companies have or are deemed to have an interest. 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	1,118	3.96	499,497	0.02
1,000 – 10,000	24,370	86.40	73,767,568	2.63
10,001 – 1,000,000	2,692	9.55	99,190,870	3.53
1,000,001 and above	26	0.09	2,633,353,506	93.82
Total	28,206	100.00	2,806,811,441	100.00

Approximately 58.23% 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 is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the STI Auditorium, 168 Robinson Road, Level 9, Capital Tower, Singapore 068912, on Tuesday, 29 April 2008 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

- 1 To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2007 and the Auditors' Report thereon.
- 2 To declare a first and final 1-tier dividend of S\$0.08 per share and a special 1-tier dividend of S\$0.07 per share for the year ended 31 December 2007.
- 3 To approve Directors' fees of S\$1,323,900 for the year ended 31 December 2007. (2006: S\$1,081,003)
- 4 To re-appoint the following Directors, who are retiring under Section 153(6) of the Companies Act, Cap. 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:
 - (i) Dr Hu Tsu Tau
 - (ii) Mr Hsuan Owyang
 - (iii) Mr Lim Chin Beng
 - (iv) Mr Richard Edward Hale
- 5 To re-elect the following Directors, who are retiring by rotation pursuant to Article 95 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:
 - (i) Mr Jackson Peter Tai
 - (ii) Dr Victor Fung Kwok King
- 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.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

8 To consider and, if thought fit, to pass with or without any modification, the following resolutions as Ordinary Resolutions:

8A That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, 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 total number of issued shares (excluding treasury shares) in the 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 total number of issued shares (excluding treasury shares) in the 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 (“SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the 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 bonus issue, 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 SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this 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 the Directors be and are hereby authorised to:

- (a) 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”); 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 CapitaLand 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 CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

By Order of the Board

Low Sai Choy
Company Secretary

Singapore
27 March 2008

Notice of Annual General Meeting

Notes:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. 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 or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for holding the Meeting.

Additional information relating to the Notice of Annual General Meeting:

- 1 In relation to items 4(i), (ii), (iii) and (iv) under the heading "As Ordinary Business", Dr Hu Tsu Tau will, upon re-appointment, continue to serve as Chairman of the Investment Committee; Mr Hsuan Owyang will, upon re-appointment, continue to serve as Chairman of the Finance and Budget Committee, Deputy Chairman of the Investment Committee, and a Member of the Executive Resource and Compensation Committee and the Nominating Committee respectively; Mr Lim Chin Beng will, upon re-appointment, continue to serve as Chairman of the Executive Resource and Compensation Committee and the Nominating Committee respectively; and Mr Richard Edward Hale will, upon re-appointment, continue to serve as Chairman of the Audit Committee and a Member of the Risk Committee. Dr Hu, Mr Owyang, Mr Lim and Mr Hale are considered as independent Directors.
- 2 In relation to item 5 under the heading "As Ordinary Business", an independent Director, Professor Robert Henry Edelstein, who will be retiring by rotation pursuant to Article 95 of the Articles of Association of the Company at the Annual General Meeting, is not seeking re-election. In relation to item 5(i) under the heading "As Ordinary Business", Mr Jackson Peter Tai will, upon re-election, continue to serve as a Member of the Investment Committee and Finance and Budget Committee respectively. Mr Tai is considered as an independent Director.
- 3 Ordinary Resolution No. 8A under the heading "As Special Business", if passed, will 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 from the date of the Annual General Meeting until the date of the next Annual General Meeting. The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under this Resolution must not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a *pro rata* basis. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution No. 8A is passed, after adjusting for (a) 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 Ordinary Resolution No. 8A is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares.
- 4 Ordinary Resolution No. 8B under the heading "As Special Business", if passed, will empower the Directors to grant awards under the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan, and to allot and issue shares pursuant to the exercise of options outstanding under the CapitaLand Share Option Plan 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 total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

CAPITALAND LIMITED

(Regn. No.: 198900036N)

(Incorporated in the Republic of Singapore)

Proxy Form

Annual General Meeting

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely FOR THEIR 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting of the Company, to be held at the STI Auditorium, 168 Robinson Road, Level 9, Capital Tower, Singapore 068912 on Tuesday, 29 April 2008 at 10.00 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 Annual General 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 Annual General Meeting.

No.	Resolutions Relating To:	For *	Against *
	ORDINARY BUSINESS		
1	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2	Declaration of a First and Final Dividend and a Special Dividend		
3	Approval of Directors' Fees		
4(i)	Re-appointment of Dr Hu Tsu Tau as Director		
4(ii)	Re-appointment of Mr Hsuan Owyang as Director		
4(iii)	Re-appointment of Mr Lim Chin Beng as Director		
4(iv)	Re-appointment of Mr Richard Edward Hale as Director		
5(i)	Re-election of Mr Jackson Peter Tai as Director		
5(ii)	Re-election of Dr Victor Fung Kwok King 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 grant awards, and to allot and issue shares, pursuant to the CapitalLand Share Option Plan, the CapitalLand Performance Share Plan and the CapitalLand Restricted Stock Plan		

* Please indicate your vote "For" or "Against" with a "√" within the box provided.

Dated this _____ day of _____ 2008.

Signature(s) of Member(s) / Common Seal

Total number of shares held

 **IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE**

Affix
postage
stamp

CAPITALAND LIMITED
c/o M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

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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. A proxy need not be a member of the Company.
- 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 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies, to the Meeting.
- 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 as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument 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 office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, not less than 48 hours before the time appointed for holding 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 or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (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 at least 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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THE NUMBERS BEHIND OUR STORY

CAPITALAND LIMITED
STATUTORY ACCOUNTS 2007



CAPITALAND LIMITED

168 Robinson Road, #30-01

Capital Tower, Singapore 068912

Tel: (65) 6823 3200 Fax: (65) 6820 2202

Company Reg. No. 198900036N

www.capitaland.com

CREDO

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

MISSION

To build a world-class real estate company with international presence that: Creates sustainable shareholder value; delivers quality products and services; attracts and develops quality human capital.

Corporate Profile

CapitaLand is the largest real estate company in Southeast Asia by market capitalisation.

Headquartered in Singapore, the multinational company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific, Europe and the Gulf Co-operation Council (GCC) countries.

The company's real estate and hospitality portfolio spans more than 100 cities in over 20 countries. CapitaLand also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand include Australand, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust and CapitaRetail China Trust.

Contents

Directors' Report	FS4
Statement by Directors	FS23
Independent Auditors' Report to the Members of CapitaLand Limited	FS24
Balance Sheets	FS26
Income Statements	FS27
Statements of Changes in Equity	FS28
Consolidated Statement of Cash Flows	FS31
Notes to the Financial Statements	FS33

A world-class entrepreneurial, prosperous and lasting real estate company led and managed by people with core values respected by the business and social community.

Ranked among the top five real estate companies in Asia, reputed for its innovative and quality real estate products and services.

A company with a strong global network of long-term investors and blue-chip partners.

A company which attracts, develops and retains a diversity of talents; and which is committed to developing local talents to lead its overseas operations.

A company which delivers consistently above-market total shareholder returns.

Directors' Report

We are pleased to submit this annual report to the members of the Company, together with the audited financial statements for the financial year ended 31 December 2007.

Directors

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

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

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed under the “Directors’ Interests in Shares or Debentures” and “Share Plans” sections of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors’ Interests in Shares or Debentures

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures or options of the Company or of related corporations either at the beginning of the financial year (or date of appointment, if later) or at the end of the financial year.

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

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year
The Company		
Ordinary shares		
Hsuan Owyang	120,000	10,000
Liew Mun Leong	1,458,000	1,073,680
Lim Chin Beng	538,400	357,000
Jackson Peter Tai	50,000	150,000
Peter Seah Lim Huat	234,300	96,800
Richard Edward Hale	321,420	468,170
James Koh Cher Siang	6,250	6,250
Professor Kenneth Stuart Courtis	40,000	80,000
Options to subscribe for ordinary shares exercisable from 13/06/2001 to 11/06/2010 at an exercise price of \$1.73¹ per share		
Liew Mun Leong	1,077,000	—
Options to subscribe for ordinary shares exercisable from 19/06/2002 to 18/06/2011 at an exercise price of \$1.67¹ per share		
Liew Mun Leong	800,000	—
Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2007 at an exercise price of \$1.19 per share		
Hsuan Owyang	150,000	—
Jackson Peter Tai	100,000	—
Peter Seah Lim Huat	22,500	—
Richard Edward Hale	3,750	—
Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2012 at an exercise price of \$1.01¹ per share		
Liew Mun Leong	200,000	—
Options to subscribe for ordinary shares exercisable from 01/03/2004 to 28/02/2008 at an exercise price of \$0.82¹ per share		
Hsuan Owyang	198,000	—
Liew Mun Leong (exercisable from 01/03/2004 to 28/02/2013)	252,000	—
Jackson Peter Tai	118,800	118,800

Directors' Report

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year
The Company (cont'd)		
<i>Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2009 at an exercise price of \$1.15' per share</i>		
Hsuan Owyang	170,000	—
Jackson Peter Tai	90,000	90,000
Richard Edward Hale	60,000	—
<i>Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2014 at an exercise price of \$1.02' per share</i>		
Liew Mun Leong	400,000	200,000
<i>Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2010 at an exercise price of \$2.26' per share</i>		
Dr Hu Tsu Tau	120,000	—
Hsuan Owyang	150,000	—
Lim Chin Beng	40,000	—
Jackson Peter Tai	90,000	90,000
Peter Seah Lim Huat	45,000	—
Richard Edward Hale	95,000	—
<i>Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2015 at an exercise price of \$2.25' per share</i>		
Liew Mun Leong	800,000	400,000
<i>Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$3.75' per share</i>		
Dr Hu Tsu Tau	120,000	120,000
Hsuan Owyang	155,000	77,500
Lim Chin Beng	80,000	40,000
Jackson Peter Tai	70,000	70,000
Peter Seah Lim Huat	90,000	45,000
Richard Edward Hale	95,000	95,000
Professor Robert Henry Edelstein	50,000	50,000
James Koh Cher Siang	100,000	100,000
Arfat Pannir Selvam	80,000	80,000

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

		Holdings in the name of the director, spouse and/or infant children	
		At beginning of the year/date of appointment	At end of the year
The Company (cont'd)			
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of \$3.73¹ per share			
Liew Mun Leong		800,000	600,000
Contingent award of Performance shares^(a) to be delivered after 2006			
Liew Mun Leong	(483,350 Performance shares)	0 to 966,700 ²	— ¹
¹ During the financial year, 386,680 Performance shares were released under the 2004 award to Liew Mun Leong.			
Contingent award of Performance shares^(a) to be delivered after 2007			
Liew Mun Leong	(417,933 ¹ Performance shares)	0 to 830,880 ²	0 to 835,866 ²
Contingent award of Performance shares^(a) to be delivered after 2008			
Liew Mun Leong	(414,754 ¹ Performance shares)	0 to 824,560 ²	0 to 829,508 ²
Contingent award of Performance shares^(a) to be delivered after 2009			
Liew Mun Leong	(301,800 ¹ Performance shares)	—	0 to 603,600 ²
Contingent award of Restricted shares^(b) to be delivered after 2007			
Dr Hu Tsu Tau	(24,144 ¹ Restricted shares)	—	0 to 36,216 ³
Hsuan Owyang	(35,210 ¹ Restricted shares)	—	0 to 52,815 ³
Liew Mun Leong	(160,960 ¹ Restricted shares)	—	0 to 241,440 ³
Lim Chin Beng	(18,108 ¹ Restricted shares)	—	0 to 27,162 ³
Jackson Peter Tai	(14,084 ¹ Restricted shares)	—	0 to 21,126 ³
Peter Seah Lim Huat	(14,084 ¹ Restricted shares)	—	0 to 21,126 ³
Richard Edward Hale	(22,132 ¹ Restricted shares)	—	0 to 33,198 ³
Professor Robert Henry Edelstein	(10,060 ¹ Restricted shares)	—	0 to 15,090 ³
James Koh Cher Siang	(20,120 ¹ Restricted shares)	—	0 to 30,180 ³
Arfat Pannir Selvam	(18,108 ¹ Restricted shares)	—	0 to 27,162 ³
Professor Kenneth Stuart Courtis	(10,060 ¹ Restricted shares)	—	0 to 15,090 ³

Directors' Report

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year
Related Corporation		
The Ascott Group Limited		
Ordinary shares		
Liew Mun Leong	452,500	452,500
Richard Edward Hale	562,500	830,000
Lim Chin Beng	950,000	925,000
Peter Seah Lim Huat	74,000	74,000
Options to subscribe for ordinary shares exercisable from 05/05/2003 to 04/05/2007 at an exercise price of \$0.224 per share		
Richard Edward Hale	37,500	—
Options to subscribe for ordinary shares exercisable from 05/05/2003 to 04/05/2012 at an exercise price of \$0.176⁴ per share		
Liew Mun Leong	30,000	30,000
Options to subscribe for ordinary shares exercisable from 10/05/2004 to 09/05/2013 at an exercise price of \$0.144⁴ per share		
Liew Mun Leong	60,000	60,000
Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2009 at an exercise price of \$0.236⁴ per share		
Liew Mun Leong (exercisable from 01/03/2005 to 28/02/2014)	97,500	97,500
Richard Edward Hale	50,000	—
Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2010 at an exercise price of \$0.301⁴ per share		
Richard Edward Hale	100,000	—
Lim Chin Beng	50,000	—
Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2015 at an exercise price of \$0.300⁴ per share		
Liew Mun Leong	130,000	130,000

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year

Related Corporation (cont'd)

The Ascott Group Limited (cont'd)

Options to subscribe for ordinary shares exercisable

from 25/02/2007 to 24/02/2011 at an exercise price of \$0.631⁴ per share

Richard Edward Hale	160,000	80,000
Lim Chin Beng	150,000	75,000

Options to subscribe for ordinary shares exercisable

from 25/02/2007 to 24/02/2016 at an exercise price of \$0.627⁴ per share

Liew Mun Leong	200,000	200,000
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Contingent award of Restricted shares^(b) to be delivered after 2007

Liew Mun Leong	(24,660 ⁴ Restricted shares)	–	0 to 36,990 ³
Lim Chin Beng	(20,550 ⁴ Restricted shares)	–	0 to 30,825 ³
Richard Edward Hale	(20,550 ⁴ Restricted shares)	–	0 to 30,825 ³

Footnotes:

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

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

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

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

^(a) Performance shares are shares under contingent awards pursuant to the CapitaLand Performance Share Plan.

^(b) Restricted shares are shares under contingent awards pursuant to the CapitaLand Restricted Stock Plan and the Ascott Restricted Share Plan.

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

Directors' Report

Directors' Interests in Contracts

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

Save as disclosed above, since the end of the last financial year, no other director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

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

Share Plans

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

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

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

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

The Share Option Plan has been the basic share incentive scheme that was widely applied across the Group. In 2007, the Share Option Plan has been replaced by the Restricted Stock Plan as the long term incentive scheme to employees across the Group, though the Share Option Plan remains an approved Share Incentive Scheme. The Performance Share Plan continues to apply only to key executives. The contingent awards granted under the Performance Share Plan and the Restricted Stock Plan are only released or vested after achievement of pre-determined targets and/or after the satisfactory completion of time-based service conditions.

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

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

Share Plans (cont'd)

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

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

The principal terms of the Share Plans are:

- **Plans Size and Duration**

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

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

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

- **Participants of the Share Plans**

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

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

Directors' Report

Share Plans (cont'd)

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

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

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

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

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

- **Maximum Entitlements**

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

- **Exercise Period**

Under the Share Option Plan, options with acquisition prices which are equal to, or higher than, a price equal to the volume-weighted average price for the Company shares on the SGX-ST over the three consecutive Trading Days immediately preceding the date of grant of that option (the "Market Price") may be exercised one year after the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by the ERCC on the date of grant of the respective options.

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

- **Acquisition Price**

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

- a price equal to the Market Price or such higher price as may be determined by the ERCC in its absolute discretion; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the ERCC in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price in respect of that option.

Share Plans (cont'd)

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

- **Grant of Options**

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

(b) Options Granted

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

With regards to the subsidiary, Australand (comprising the stapled entities of Australand Holdings Limited, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 and their controlled entities), the Australand Employees Securities Ownership Plan ("Australand ESOP") offers a five-year, interest-free loan to enable employees to purchase a specified number of Australand stapled securities allocated by Australand's Remuneration Committee. The loan has limited recourse and the employees' obligations to repay the loan are limited to the market value of the securities at any time. The loan will be partly repaid by distributions on the securities held and must be fully repaid on cessation of employment with Australand or by the 5th anniversary of the origination date of the loan, whichever is earlier. The last offer under Australand ESOP was made on 30 June 2006 and hence Australand ESOP will cease to exist on 30 June 2011.

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

(c) Options Exercised

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

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

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

Directors' Report

Share Plans (cont'd)

(d) Unissued Shares under Options

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

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

Share Plans (cont'd)

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

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

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

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

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

Directors' Report

Share Plans (cont'd)

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

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

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

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

Share Plans (cont'd)

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

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

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

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

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

Awards under the CapitaLand Performance Share Plan

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

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

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

Directors' Report

Share Plans (cont'd)

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

Awards under the Ascott Performance Share Plan

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

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

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

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

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

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

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

Share Plans (cont'd)

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

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

Awards under the CapitaLand Restricted Stock Plan

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

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

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

Awards under the Ascott Restricted Share Plan

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

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

^{®®} As at 31 December 2007, the number of shares awarded and outstanding was 2,270,992, of which 208,308 are to be cash settled.

Directors' Report

Share Plans (cont'd)

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

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

(i) Australand Tax Exempt Employee Security Plan

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

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

(ii) Australand Performance Rights Plan

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

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

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

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

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

Audit Committee

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

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

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

- the reliability and integrity of financial statements;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations, particularly those of the Act and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;
- the adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors’ remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions; and
- the findings of internal investigation, if any.

The Audit Committee met four times in 2007. Specific functions performed during the year included reviewing the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company’s officers to the auditors. The financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the Board of Directors of the Company for adoption. The Audit Committee also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

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

Directors' Report

Audit Committee (cont'd)

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

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

Auditors

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

On behalf of the Board of Directors



Dr Hu Tsu Tau
Director



Liew Mun Leong
Director

Singapore
28 February 2008

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages FS26 to FS117 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 2007, 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 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors



Dr Hu Tsu Tau
Director



Liew Mun Leong
Director

Singapore
28 February 2008

Independent Auditors' Report

To the Members of CapitaLand Limited

We have audited the accompanying financial statements of CapitaLand Limited ("the Company") and its subsidiaries ("the Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2007, the income statements and statements of changes in equity of the Group and the Company and the statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS26 to FS117.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results and changes in equity of the Group and the Company and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

A handwritten logo for KPMG, with the letters 'KPMG' in a stylized, cursive script.

KPMG

Certified Public Accountants

Singapore

28 February 2008

Balance Sheets

As at 31 December 2007

		The Group		The Company	
	Note	2007 \$'000	2006* \$'000	2007 \$'000	2006 \$'000
Non-Current Assets					
Property, Plant and Equipment	3	1,588,618	1,489,923	8,906	1,761
Intangible Assets	4	37,910	38,757	–	–
Investment Properties	5	6,208,211	5,372,183	–	–
Properties Under Development	6	569,205	296,116	–	–
Interests in Subsidiaries	7	–	–	3,864,998	2,895,750
Interests in Associates	8(a)	5,228,875	3,150,170	–	–
Interests in Jointly-Controlled Entities	9(a)	1,221,858	1,599,762	–	–
Financial Assets	10(a)	603,776	327,419	–	–
Deferred Tax Assets	33	38,928	30,818	9,854	–
Other Non-Current Assets	11	81,089	5,011	147	231
		15,578,470	12,310,159	3,883,905	2,897,742
Current Assets					
Development Properties for Sale	12	3,540,778	3,622,665	–	–
Consumable Stock		188	806	–	–
Trade and Other Receivables	13	2,064,350	1,973,731	1,681,342	1,544,600
Financial Assets	10(b)	301,540	–	–	–
Cash and Cash Equivalents	17	4,355,986	2,684,851	1,532,225	1,477,510
		10,262,842	8,282,053	3,213,567	3,022,110
Less: Current Liabilities					
Trade and Other Payables	18	2,889,508	1,862,377	212,259	472,861
Short Term Bank Borrowings	24	1,208,505	1,523,160	67,213	174,439
Current Portion of Debt Securities	25	594,300	270,230	91,000	34,500
Current Portion of Finance Leases	26	3,954	3,594	–	–
Current Tax Payable		446,059	316,827	16,961	6,980
		5,142,326	3,976,188	387,433	688,780
Net Current Assets		5,120,516	4,305,865	2,826,134	2,333,330
Less: Non-Current Liabilities					
Long Term Bank Borrowings	24	4,456,736	3,919,357	–	–
Debt Securities	25	3,609,819	2,368,802	1,293,439	461,679
Finance Leases	26	42,835	44,685	–	–
Deferred Tax Liabilities	33	238,057	182,490	25,570	11,572
Deferred Income	27	53,938	64,888	–	–
Other Non-Current Liabilities	22	432,262	572,856	32,134	23,400
		8,833,647	7,153,078	1,351,143	496,651
Net Assets		11,865,339	9,462,946	5,358,896	4,734,421
Representing:					
Share Capital	29	4,350,058	4,304,907	4,350,058	4,304,907
Accumulated Profits		4,011,179	1,339,290	854,944	363,353
Other Reserves	30	1,579,655	1,723,476	153,894	66,161
Equity attributable to Equity Holders of the Company					
		9,940,892	7,367,673	5,358,896	4,734,421
Minority Interests		1,924,447	2,095,273	–	–
Total Equity		11,865,339	9,462,946	5,358,896	4,734,421

* Please refer to note 48

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

Income Statements

Year ended 31 December 2007

			The Group		The Company
	Note	2007 \$'000	2006* \$'000	2007 \$'000	2006 \$'000
Continuing operations					
Revenue	31	3,792,703	3,147,725	834,608	363,473
Cost of sales		(2,465,657)	(2,234,385)	–	–
Gross profit		1,327,046	913,340	834,608	363,473
Other operating income		1,553,424	558,795	157,343	107,103
Administrative expenses		(561,010)	(348,022)	(123,951)	(32,890)
Other operating expenses		(7,540)	88,418	2,147	(3,906)
Profit from continuing operations		2,311,920	1,212,531	870,147	433,780
Finance costs		(403,549)	(327,995)	(50,726)	(39,897)
Share of results of:					
– associates		907,740	462,445	–	–
– jointly-controlled entities		604,382	139,152	–	–
		1,512,122	601,597	–	–
Profit before taxation					
from continuing operations	32	3,420,493	1,486,133	819,421	393,883
Taxation	33(b)	(268,047)	(230,354)	(10,765)	(41,217)
Profit after taxation					
from continuing operations		3,152,446	1,255,779	808,656	352,666
Discontinued operations					
Profit after taxation					
from discontinued operations	34	–	26,894	–	–
Profit for the year		3,152,446	1,282,673	808,656	352,666
Attributable to:					
Equity holders of the Company		2,759,313	1,012,677	808,656	352,666
Minority interests		393,133	269,996	–	–
Profit for the year		3,152,446	1,282,673	808,656	352,666
Basic earnings per share (cents) from:					
– continuing operations		98.6	36.0		
– discontinued operations		–	0.6		
Total	35	98.6	36.6		
Fully diluted earnings per share (cents) from:					
– continuing operations		95.0	35.3		
– discontinued operations		–	0.6		
Total	35	95.0	35.9		

* Please refer to note 48

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

Statements of Changes in Equity

Year ended 31 December 2007

The Group	Share Capital \$'000	Share Premium \$'000	Revaluation Reserve \$'000	Accumulated Profits \$'000	Other Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
At 1 January 2006,								
as previously reported	2,750,503	2,780,247	246,921	730,439	149,600	6,657,710	2,370,658	9,028,368
Effects of change in accounting policy (See note 2(f)(i))	–	–	(11,118)	(3,558)	–	(14,676)	(9,708)	(24,384)
At 1 January 2006, as restated	2,750,503	2,780,247	235,803	726,881	149,600	6,643,034	2,360,950	9,003,984
Net surplus on revaluation of investment properties	–	–	98,832	–	–	98,832	13,031	111,863
Share of associates' and jointly-controlled entities' revaluation surplus	–	–	316,842	–	–	316,842	–	316,842
Net revaluation surplus transferred to income statement	–	–	(308,099)	–	–	(308,099)	–	(308,099)
Realisation of revaluation reserve transferred to income statement	–	–	(77,942)	–	–	(77,942)	–	(77,942)
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	–	–	–	–	(58,726)	(58,726)	(29,392)	(88,118)
Change in fair value of available-for-sale investments	–	–	–	–	30,381	30,381	–	30,381
Effective portion of change in fair value of cash flow hedges	–	–	–	–	7,927	7,927	11,114	19,041
Realisation of available-for-sale reserve transferred to income statement	–	–	–	–	(5,384)	(5,384)	–	(5,384)
Realisation of hedging reserve transferred to income statement	–	–	–	–	(1,203)	(1,203)	(665)	(1,868)
Realisation of foreign exchange reserve transferred to income statement	–	–	–	–	3,247	3,247	–	3,247
Net gains/(losses) recognised directly in equity	–	–	29,633	–	(23,758)	5,875	(5,912)	(37)
Profit for the year	–	–	–	1,012,677	–	1,012,677	269,996	1,282,673
Total recognised gains/(losses) for the year	–	–	29,633	1,012,677	(23,758)	1,018,552	264,084	1,282,636
Dividends paid	–	–	–	(399,089)	–	(399,089)	–	(399,089)
Transfer to share capital and capital reserve	1,512,328	(2,780,247)	–	–	1,267,919	–	–	–
Issue of shares under share option and performance share plans	42,076	–	–	–	(2,909)	39,167	–	39,167
Equity portion of convertible bonds	–	–	–	–	41,831	41,831	–	41,831
Cost of share-based payments	–	–	–	–	24,641	24,641	1,534	26,175
Return of capital to minority interests (net)	–	–	–	–	–	–	(42,738)	(42,738)
Effects of acquisition/ disposals/dilution and liquidation of subsidiaries	–	–	–	–	–	–	(23,939)	(23,939)
Dividends paid to minority interests	–	–	–	–	–	–	(460,465)	(460,465)
Others	–	–	–	(1,179)	716	(463)	(4,153)	(4,616)
At 31 December 2006	4,304,907	–	265,436	1,339,290	1,458,040	7,367,673	2,095,273	9,462,946

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

The Group	Share Capital \$'000	Share Premium \$'000	Revaluation Reserve \$'000	Accumulated Profits \$'000	Other Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
At 1 January 2007,								
as previously reported	4,304,907	–	289,043	1,348,156	1,458,040	7,400,146	2,112,604	9,512,750
Effects of change in accounting policy (See note 2(f)(i))	–	–	(23,607)	(8,866)	–	(32,473)	(17,331)	(49,804)
At 1 January 2007, as restated	4,304,907	–	265,436	1,339,290	1,458,040	7,367,673	2,095,273	9,462,946
Effects of adopting FRS 40	–	–	(265,436)	235,877	–	(29,559)	–	(29,559)
At 1 January 2007, as restated	4,304,907	–	–	1,575,167	1,458,040	7,338,114	2,095,273	9,433,387
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	–	–	–	–	18,895	18,895	62,173	81,068
Change in fair value of available-for-sale investments	–	–	–	–	(14,953)	(14,953)	–	(14,953)
Transfer of available-for-sale reserve to income statement	–	–	–	–	9,849	9,849	–	9,849
Effective portion of change in fair value of cash flow hedges	–	–	–	–	4,608	4,608	10,586	15,194
Realisation of foreign exchange reserve transferred to income statement	–	–	–	–	(7,705)	(7,705)	4,771	(2,934)
Realisation of available-for-sale reserve transferred to income statement	–	–	–	–	(6,752)	(6,752)	–	(6,752)
Realisation of hedging reserve transferred to income statement	–	–	–	–	(5)	(5)	–	(5)
Realisation of other capital reserve transferred to income statement	–	–	–	–	(1,126)	(1,126)	–	(1,126)
Net gains recognised directly in equity	–	–	–	–	2,811	2,811	77,530	80,341
Profit for the year	–	–	–	2,759,313	–	2,759,313	393,133	3,152,446
Total recognised gains for the year	–	–	–	2,759,313	2,811	2,762,124	470,663	3,232,787
Dividends paid	–	–	–	(317,065)	–	(317,065)	–	(317,065)
Issue of shares under share option and performance share plans	45,151	–	–	–	(556)	44,595	123	44,718
Equity portion of convertible bonds	–	–	–	–	65,441	65,441	–	65,441
Cost of share-based payments	–	–	–	–	46,928	46,928	3,487	50,415
MI contributions (net)	–	–	–	–	–	–	119,837	119,837
Effects of acquisition/ disposals/dilution and liquidation of subsidiaries	–	–	–	–	–	–	(444,796)	(444,796)
Dividends paid to minority interests	–	–	–	–	–	–	(319,155)	(319,155)
Others	–	–	–	(6,236)	6,991	755	(985)	(230)
At 31 December 2007	4,350,058	–	–	4,011,179	1,579,655	9,940,892	1,924,447	11,865,339

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

Statements of Changes in Equity

Year ended 31 December 2007

The Company	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Accumulated Profits \$'000	Equity Compensation Reserves \$'000	Capital Redemption Reserve \$'000	Total Equity \$'000
At 1 January 2006	2,750,503	1,512,015	–	411,225	19,441	313	4,693,497
Profit for the year	–	–	–	352,666	–	–	352,666
Total recognised gains for the year	–	–	–	352,666	–	–	352,666
Dividends paid	–	–	–	(399,089)	–	–	(399,089)
Transfer to share capital	1,512,328	(1,512,015)	–	–	–	(313)	–
Issue of shares under share option and performance share plans	42,076	–	–	–	(2,909)	–	39,167
Equity portion of convertible bonds	–	–	41,831	–	–	–	41,831
Cost of share-based payments	–	–	–	–	6,349	–	6,349
Transfer between reserves	–	–	–	(1,449)	1,449	–	–
At 31 December 2006	4,304,907	–	41,831	363,353	24,330	–	4,734,421
At 1 January 2007	4,304,907	–	41,831	363,353	24,330	–	4,734,421
Profit for the year	–	–	–	808,656	–	–	808,656
Total recognised gains for the year	–	–	–	808,656	–	–	808,656
Dividends paid	–	–	–	(317,065)	–	–	(317,065)
Issue of shares under share option and performance share plans	45,151	–	–	–	(298)	–	44,853
Equity portion of convertible bonds	–	–	75,441	–	–	–	75,441
Cost of share-based payments	–	–	–	–	12,590	–	12,590
At 31 December 2007	4,350,058	–	117,272	854,944	36,622	–	5,358,896

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

Consolidated Statement of Cash Flows

Year ended 31 December 2007

	2007 \$'000	2006* \$'000
Operating activities		
Profit after taxation from continuing operations	3,152,446	1,255,779
Profit after taxation from discontinued operations	–	26,894
	3,152,446	1,282,673
Adjustments for:		
Amortisation and impairment of intangible assets	4,973	4,754
Negative goodwill on acquisition	–	(77,000)
(Write back)/Allowance for:		
– foreseeable losses on development properties for sale	(223,179)	(54,532)
– loans to associates and jointly-controlled entities	749	8,584
– non-current portion of financial assets	17,614	1,670
Share-based expenses	53,653	24,758
Changes in fair value of financial instruments and assets	3,675	1,242
Depreciation of property, plant and equipment	39,579	43,069
(Gain)/Loss on disposal/write off of property, plant and equipment	(138,862)	3,191
Gains on disposal of investment properties and properties under development	(74,769)	(222,094)
Valuation gain on investment properties	(778,831)	(111,512)
Gain on disposal of non-current financial assets	(8,300)	(18,899)
Gain on disposal/dilution of subsidiaries and associates	(322,959)	(128,451)
Share of results of associates and jointly-controlled entities	(1,512,122)	(601,597)
Accretion of deferred income	(3,819)	(4,678)
Interest expense	403,549	327,995
Interest income	(124,559)	(146,340)
Tax expense	268,047	230,354
	(2,395,561)	(719,486)
Operating profit before working capital changes	756,885	563,187
Decrease/(Increase) in working capital:		
Inventories, trade and other receivables	(573,222)	88,669
Development properties for sale	409,929	38,673
Trade and other payables	324,328	169,744
Financial assets	(272,939)	45,531
Changes in working capital	(111,904)	342,617
Cash generated from operations	644,981	905,804
Income tax paid	(102,990)	(84,525)
Customer deposits and other non-current payables received	13,185	330
Net cash generated from operating activities carried down	555,176	821,609

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

Consolidated Statement of Cash Flows

Year ended 31 December 2007

	Note	2007 \$'000	2006* \$'000
Net cash generated from operating activities brought forward		555,176	821,609
Investing activities			
Proceeds from disposal of property, plant and equipment		236,214	207,067
Purchase of property, plant and equipment		(210,047)	(330,013)
Increase in associates and jointly-controlled entities		(127,459)	(837,206)
Increase in amounts owing by investee companies and other receivables		(10,975)	(393)
Deposits for new investments		(83,586)	–
Acquisition of investment properties and properties under development		(1,386,435)	(1,353,131)
Proceeds from disposal of investment properties and properties under development		1,586,615	391,345
Acquisition of non-current financial assets (net)		(310,258)	(8,172)
Dividends received from associates and jointly-controlled entities		376,209	656,019
Acquisition of remaining interest in a subsidiary		–	(49,549)
(Acquisition)/Disposal of subsidiaries (net)	37	(135,806)	403,475
Interest income received		103,049	145,719
Net cash generated from/(used in) investing activities		37,521	(774,839)
Financing activities			
Proceeds from issue of shares under share option plan		44,718	39,167
Repayment of loans from minority interests		(23,088)	(88)
Contribution from/(Return of capital to) minority interests (net)		119,837	(42,738)
Proceeds from sales of future receivables		264,106	156,941
Proceeds from bank borrowings		4,279,166	3,450,696
Repayment of bank borrowings		(4,127,790)	(2,879,187)
Proceeds from debt securities		1,923,790	1,839,418
Repayment of debt securities		(280,250)	(772,115)
Repayment of finance lease payables		(3,936)	(3,419)
Dividends paid to minority interests		(319,155)	(460,465)
Dividends paid to shareholders		(317,065)	(399,089)
Interest expense paid		(478,032)	(382,177)
Net cash generated from financing activities		1,082,301	546,944
Net increase in Cash and Cash Equivalents		1,674,998	593,714
Cash and Cash Equivalents at beginning of the year		2,684,851	2,105,015
Effect of exchange rate changes on cash balances held in foreign currencies		(3,863)	(13,878)
Cash and Cash Equivalents at end of the year	17	4,355,986	2,684,851

* Please refer to note 48

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 February 2008.

1 Domicile and Activities

CapitalLand 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 headquarter 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 42 to the accompanying financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (“the Group”) and the Group’s interests in associates and jointly-controlled entities.

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars which is the Company’s functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Note 2(m)	–	classification of leases
Note 3	–	measurement of recoverable amounts of property, plant and equipment
Note 4	–	assumptions of recoverable amounts relating to goodwill impairment
Note 5	–	valuation of investment properties
Note 28	–	measurement of share-based payments
Note 37(b)	–	valuation of assets, liabilities and contingent liabilities acquired in business combinations
Note 38	–	valuation of financial instruments

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of preparation (cont'd)

The accounting policy relating to investment properties was changed during the year arising from the adoption of FRS 40 *Investment Properties* and the effects of this change are disclosed in note 2(f)(i).

Except for the above changes, the accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

(b) Consolidation

Business combinations

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

Any excess or deficiency of the purchase consideration over the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as goodwill or negative goodwill (see note 2(e)(i)).

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.

Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and jointly-controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly-controlled entities (collectively referred to as "equity accounted investees") are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2 Summary of Significant Accounting Policies (cont'd)

(b) Consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and jointly-controlled entities by the Company

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

(c) Foreign currencies

Foreign currency transactions

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 functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising from retranslation are recognised in the income statement, except for differences arising from the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments and financial liabilities designated as hedges of net investment in a foreign operation (see note 2(g)).

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed off, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

Net investment in a foreign operation

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

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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.

Freehold land and assets under construction are not depreciated. Depreciation on other property, plant and equipment is provided on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Leasehold land and buildings (excluding serviced residence properties)	remaining lease period ranging from 6 to 32 years
Freehold buildings	20 to 50 years
Hospitality plant, machinery, improvements, 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

For serviced residence properties where the residual value at the end of the intended holding period is lower than the carrying amount, the difference in value is depreciated over the Group's intended holding period or charged to the income statement as impairment losses. No depreciation is recognised where the residual value is higher than the carrying amount. Based on historical trends and past experience, the intended holding period (the period from the date of commencement of serviced residence operations to the date of expected strategic divestment of the properties) ranges from 3 to 5 years.

Residual values of the properties at the end of the intended holding period are determined based on annual independent professional valuation. Residual value is the estimated amount that the Group would obtain from the disposal of a property if the property is already of the age and in the condition expected at the date when the Group has the intention to dispose of that property.

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

2 Summary of Significant Accounting Policies (cont'd)

(e) Intangible assets

(i) Goodwill

Goodwill and negative goodwill arising from the acquisition of subsidiaries, associates and jointly-controlled entities.

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

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

Acquisition prior to 1 January 2004

Prior to 1 January 2001, goodwill and negative goodwill on acquisitions were written off against accumulated profits in the year of acquisition.

From 1 January 2001 to 31 December 2003, goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. On 1 January 2004, the Group discontinued the amortisation of goodwill. The remaining goodwill balance is subject to testing for impairment (see note 2(j)). Negative goodwill was derecognised by crediting accumulated profits on 1 January 2004.

Acquisitions on or after 1 January 2004

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2(j). Negative goodwill is credited to the income statement in the period of the acquisition.

Acquisition of minority interest

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

(ii) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and impairment losses. They are amortised in the income statement on a straight-line basis over their estimated useful lives of 1 to 10 years, from the date on which they are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less impairment losses.

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(f) Investment properties and properties under development

(i) Investment properties

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the income statement. The fair value is performed once every six months based on internal valuation or independent professional valuation. Independent professional valuation is obtained at least once every three years.

When the Group holds a property interest under an operating lease to earn rental income or for capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Any such property interest which has been classified as investment property is accounted for as if it is held under finance leases (see note 2(m)), and is accounted for in the same way as other investment properties leased under finance lease. Lease payments are accounted for as described in note 2(m).

When an investment property is disposed off, the resulting gain or loss recognised in the income statement is the difference between the net disposal proceed and the carrying amount of the property.

Change in accounting policy

The Group adopted FRS 40 *Investment Property* ("FRS 40") on 1 January 2007. Under FRS 40, the Group continues to classify its investment properties which met the recognition criteria under FRS 40 as investment properties and state them at fair value, but with changes in fair value recognised in the income statement. Before 1 January 2007, the increases in the fair value of the investment properties are credited to the revaluation reserve unless it offset a previous decrease in value recognised in the income statement. Investment properties which do not meet the FRS 40 recognition criteria are reclassified as property, plant and equipment under FRS 16 *Property, Plant and Equipment* ("FRS 16"). This change has resulted in the Group measuring its serviced residence properties at cost less accumulated depreciation and impairment losses, after taking into account the residual value of the serviced residence properties.

In accordance with the transitional provisions of FRS 40, the Group has elected to recognise the effects of FRS 40 adoption as an adjustment to the opening balance of accumulated profits as at 1 January 2007. In respect of the Group's serviced residence properties under the cost model of FRS 16, the change in accounting policy was recognised retrospectively in accordance with the provisions of FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the comparatives have been restated.

2 Summary of Significant Accounting Policies (cont'd)

(f) Investment properties and properties under development (cont'd)

(i) Investment properties (cont'd)

Change in accounting policy (cont'd)

The change in accounting policy had the following impact on the financial statements:

	2007 \$'000	The Group 2006 \$'000
<u>Change in accounting policy – FRS 16</u>		
<i>Balance sheet as at 1 January</i>		
Decrease in revaluation reserve	(23,607)	(11,118)
Decrease in accumulated profits	(8,866)	(3,558)
Decrease in minority interests	(17,331)	(9,708)
<i>Balance sheet as at 31 December</i>		
Decrease in investment properties	–	(1,181,459)
Decrease in properties under development	–	(117,618)
Increase in property, plant and equipment	–	1,307,879
Decrease in other assets	–	(63,648)
<i>Income statement for the year ended 31 December</i>		
Increase in administrative and other operating expenses	(5,695)	(7,916)
Decrease in minority interests	1,906	2,608
Decrease in profit attributable to equity holders of the Company	(3,789)	(5,308)
<u>Adoption of FRS 40</u>		
<i>Balance sheet as at 1 January</i>		
Decrease in revaluation reserve	(265,436)	–
Increase in accumulated profits	235,877	–
Decrease in interest in associates	(29,559)	–
<i>Income statement for the year ended 31 December</i>		
Increase in other operating income	778,801	–
Increase in share of results of associates and jointly-controlled entities	1,197,160	–
Increase in taxation	(39,870)	–
Increase in minority interests	(134,023)	–
Increase in profit attributable to equity holders of the Company	1,802,068	–
<u>Earnings per share</u>		
Increase/(decrease) in basic earnings per share (cents)	64.4	(0.2)
Increase/(decrease) in diluted earnings per share (cents)	61.3	(0.2)

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(f) Investment properties and properties under development (cont'd)

(ii) Properties under development

Properties under development are properties being constructed or developed for future rental. They are carried at cost less accumulated impairment losses until construction or development is completed, at which time they are transferred and accounted for as investment properties.

(g) Financial instruments

(i) Non-derivative financial instruments

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

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

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

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Instruments at fair value through profit or loss

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

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses and foreign exchange gains and losses on available-for-sale monetary items (see note 2(c)), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

(i) Non-derivative financial instruments (cont'd)

Others

Other non-derivative financial instruments are categorised as loans and receivables or financial liabilities, which are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

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

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects income statement.

Fair value hedges

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

Hedge of net investment in a foreign operation

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

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

(ii) Derivative financial instruments and hedging activities (cont'd)

Economic hedges

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

Separable embedded derivatives

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

(iii) Convertible bonds

Convertible bonds that can be converted into 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 implied fair value of the financial liability and equity component which represents the implied fair value of the conversion rights.

(iv) Financial guarantees

Financial guarantee contracts are classified as financial liabilities unless the Group or the Company has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of: (i) the amount determined in accordance with accounting policy 2(l) on provisions; and (ii) the initial fair value less cumulative amortisation. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's or the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

(v) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

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

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(h) Share capital

Ordinary shares are classified as equity.

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

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

(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. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

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

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(j) Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

Short term employee benefits

All short term employee benefits, including accumulated compensated absences, are recognised in the income statement in the period in which the employees render their services.

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

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the income statement as incurred.

2 Summary of Significant Accounting Policies (cont'd)

(k) Employee benefits (cont'd)

Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within twelve months of the balance sheet date are accrued in respect of all employees at the present value of the 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.

Share-based payments

The Group operates the following share-based payment plans: Share Option Plan, Performance Share Plan and Restricted Stock Plan. Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at each balance sheet date. The cost is charged to the income statement on a basis that fairly reflects the manner in which the benefits will accrue to the employees under the respective plans over the vesting period.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimate in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The compensation cost for performance share plan and restricted stock plan are remeasured based on the latest estimate of the number of shares that will be awarded based on non-market vesting conditions at each reporting date. Any increase or decrease in compensation cost over the previous estimate is recognised in the income statement, with a corresponding adjustment to equity. The final measure of compensation cost for performance share plan and restricted stock plan is based on the number of shares ultimately awarded at the completion of the performance period.

(l) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(m) Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in either investment properties (see note 2(f)) or property, plant and equipment (see note 2(d)).

2 Summary of Significant Accounting Policies (cont'd)

(n) Revenue recognition

Rental income

Rental income receivable under operating leases is recognised in the income statement on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Development properties for sale

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or an equitable interest in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method, which is an allowed alternative method under Recommended Accounting Practice 11 *Pre-completion Contracts for the Sale of Development Property* ("RAP 11") issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under the percentage of completion method, profit is brought into the income statements only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of 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 buyers ("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.

Financial advisory and management fee

Financial advisory and management fee is recognised in the income statement as and when services are rendered.

Dividends

Dividend income is recognised on the date that the Group's right to receive payment is established.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(o) Finance costs

Borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Notes to the Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

(p) Income tax expense

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(q) Segment reporting

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

Segment information is presented in respect of the Group's business and geographical segments and is based on 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 interest expenses, borrowings and taxation.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (property, plant and equipment and intangible assets) that are expected to be used for more than one period.

2 Summary of Significant Accounting Policies (cont'd)

(r) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal groups) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(s) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale, or is a subsidiary acquired exclusively for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Notes to the Financial Statements

3 Property, Plant and Equipment

The Group	Serviced residence properties \$'000	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'000	Other leasehold buildings \$'000	Assets under construction \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Cost										
At 1 January 2007, previously reported	–	10,255	43,001	21,321	30,337	15,130	63,308	6,843	250,164	440,359
Effects of change in accounting policy	1,167,800	–	1,306	–	–	165,178	–	–	–	1,334,284
At 1 January 2007, restated	1,167,800	10,255	44,307	21,321	30,337	180,308	63,308	6,843	250,164	1,774,643
Translation differences	12,359	299	5,697	–	(1,636)	2,766	1,273	(1,734)	12,955	31,979
Additions	66	–	–	841	4,338	132,898	17,668	609	53,417	209,837
Acquisition of subsidiaries	52,373	–	–	–	–	–	1,648	167	22,061	76,249
Disposal of subsidiaries	(106,234)	(5,688)	(3,103)	–	–	(12,220)	(3,052)	(2,111)	(93,215)	(225,623)
Disposals/Written off	–	(4,866)	(42,516)	(21,321)	(18,797)	(5,495)	(8,708)	(679)	(19,675)	(122,057)
Reclassification from other category of assets	24,741	–	–	–	–	34,882	–	–	–	59,623
Reclassification	–	–	–	–	–	(7,664)	1,590	–	6,074	–
At 31 December 2007	1,151,105	–	4,385	841	14,242	325,475	73,727	3,095	231,781	1,804,651
Accumulated depreciation										
At 1 January 2007, previously reported	–	–	5,504	–	30,078	–	46,116	3,616	173,001	258,315
Effects of change in accounting policy	26,405	–	–	–	–	–	–	–	–	26,405
At 1 January 2007, restated	26,405	–	5,504	–	30,078	–	46,116	3,616	173,001	284,720
Translation differences	340	–	517	–	3,283	–	1,773	1,342	2,850	10,105
Depreciation charge for the year	4,313	–	909	7	663	–	6,353	390	26,943	39,578
Acquisition of subsidiaries	–	–	–	–	–	–	66	142	15,856	16,064
Disposal of subsidiaries	–	–	–	–	–	–	(584)	(1,873)	(65,837)	(68,294)
Disposals/Written off	–	–	(6,791)	–	(27,677)	–	(7,647)	(685)	(23,340)	(66,140)
Reclassification	–	–	–	–	–	–	11	–	(11)	–
At 31 December 2007	31,058	–	139	7	6,347	–	46,088	2,932	129,462	216,033
Carrying amount										
At 1 January 2007, restated	1,141,395	10,255	38,803	21,321	259	180,308	17,192	3,227	77,163	1,489,923
At 31 December 2007	1,120,047	–	4,246	834	7,895	325,475	27,639	163	102,319	1,588,618

3 Property, Plant and Equipment (cont'd)

The Group	Serviced residence properties \$'000	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'000	Other leasehold buildings \$'000	Assets under con- struction \$'000	Plant, machinery and impro- vements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Cost										
At 1 January 2006, previously reported	–	10,709	44,722	24,040	35,743	2,431	83,927	5,025	247,744	454,341
Effects of change in accounting policy	1,133,192	–	1,697	–	–	–	–	–	–	1,134,889
At 1 January 2006, restated	1,133,192	10,709	46,419	24,040	35,743	2,431	83,927	5,025	247,744	1,589,230
Translation differences	(13,709)	(454)	(1,721)	(2,912)	(3,179)	(187)	2,433	2,656	(11,587)	(28,660)
Additions	125,736	–	–	193	594	154,241	7,522	576	40,516	329,378
Acquisition of subsidiaries	–	–	–	–	–	–	2,379	602	1,774	4,755
Disposal of subsidiaries	–	–	–	–	–	–	(21,705)	(1,470)	(3,054)	(26,229)
Disposals/Written off	(77,419)	–	(391)	–	(2,821)	(590)	(9,898)	(546)	(26,579)	(118,244)
Reclassification from other category of assets	–	–	–	–	–	24,413	–	–	–	24,413
Reclassification	–	–	–	–	–	–	(1,350)	–	1,350	–
At 31 December 2006	1,167,800	10,255	44,307	21,321	30,337	180,308	63,308	6,843	250,164	1,774,643
Accumulated depreciation										
At 1 January 2006, previously reported	–	–	2,876	–	30,863	–	42,808	3,659	172,670	252,876
Effects of change in accounting policy	17,715	–	–	–	–	–	–	–	–	17,715
At 1 January 2006, restated	17,715	–	2,876	–	30,863	–	42,808	3,659	172,670	270,591
Translation differences	(85)	–	(142)	–	(601)	–	722	61	(3,801)	(3,846)
Depreciation charge for the year	8,775	–	2,770	–	1,661	–	6,734	509	22,620	43,069
Acquisition of subsidiaries	–	–	–	–	–	–	548	159	118	825
Disposal of subsidiaries	–	–	–	–	–	–	(1,583)	(426)	(66)	(2,075)
Disposals/Written off	–	–	–	–	(1,845)	–	(2,670)	(346)	(18,983)	(23,844)
Reclassification	–	–	–	–	–	–	(443)	–	443	–
At 31 December 2006	26,405	–	5,504	–	30,078	–	46,116	3,616	173,001	284,720
Carrying amount										
At 1 January 2006, restated	1,115,477	10,709	43,543	24,040	4,880	2,431	41,119	1,366	75,074	1,318,639
At 31 December 2006, restated	1,141,395	10,255	38,803	21,321	259	180,308	17,192	3,227	77,163	1,489,923

- (a) As at 31 December 2007, certain property, plant and equipment with carrying value totalling approximately \$856.3 million (2006: \$819.6 million) were mortgaged to banks to secure credit facilities for the Group (note 24).
- (b) During the financial year, interest capitalised as cost of property, plant and equipment amounted to approximately \$3.1 million (2006: \$1.9 million).

Notes to the Financial Statements

3 Property, Plant and Equipment (cont'd)

The Company	Plant, machinery and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost				
At 1 January 2007	3,402	5,770	794	9,966
Additions	5,656	2,926	–	8,582
Disposals/Written off	(218)	(242)	(363)	(823)
At 31 December 2007	8,840	8,454	431	17,725
Accumulated depreciation				
At 1 January 2007	3,290	4,242	673	8,205
Depreciation charge for the year	389	972	54	1,415
Disposals/Written off	(209)	(229)	(363)	(801)
At 31 December 2007	3,470	4,985	364	8,819
Carrying amount				
At 1 January 2007	112	1,528	121	1,761
At 31 December 2007	5,370	3,469	67	8,906
Cost				
At 1 January 2006	3,380	4,916	794	9,090
Additions	22	985	–	1,007
Disposals/Written off	–	(131)	–	(131)
At 31 December 2006	3,402	5,770	794	9,966
Accumulated depreciation				
At 1 January 2006	3,201	3,682	619	7,502
Depreciation charge for the year	89	677	54	820
Disposals/Written off	–	(117)	–	(117)
At 31 December 2006	3,290	4,242	673	8,205
Carrying amount				
At 1 January 2006	179	1,234	175	1,588
At 31 December 2006	112	1,528	121	1,761

4 Intangible Assets

The Group	Goodwill on consolidation \$'000	Others [^] \$'000	Total \$'000
Cost			
At 1 January 2007	32,130	18,368	50,498
Additions	2,953	211	3,164
Written off	(2,953)	(1,200)	(4,153)
Translation differences	2,581	229	2,810
At 31 December 2007	34,711	17,608	52,319
Accumulated amortisation and impairment loss			
At 1 January 2007	8,464	3,277	11,741
Amortisation charge for the year	–	1,188	1,188
Written off	–	(368)	(368)
Translation differences	1,478	370	1,848
At 31 December 2007	9,942	4,467	14,409
Carrying amount			
At 1 January 2007	23,666	15,091	38,757
At 31 December 2007	24,769	13,141	37,910
Cost			
At 1 January 2006	38,296	4,333	42,629
Additions	8	15,079	15,087
Disposal of subsidiaries	(4,679)	–	(4,679)
Written off	–	(1,007)	(1,007)
Translation differences	(1,495)	(37)	(1,532)
At 31 December 2006	32,130	18,368	50,498
Accumulated amortisation and impairment loss			
At 1 January 2006	5,006	3,972	8,978
Amortisation charge for the year	–	346	346
Impairment loss	4,408	–	4,408
Written off	–	(1,007)	(1,007)
Translation differences	(950)	(34)	(984)
At 31 December 2006	8,464	3,277	11,741
Carrying amount			
At 1 January 2006	33,290	361	33,651
At 31 December 2006	23,666	15,091	38,757

[^] Others comprised trademarks, franchises, patents and licences.

Notes to the Financial Statements

4 Intangible Assets (cont'd)

Impairment testing for goodwill

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

(a) Serviced residences in Europe

The recoverable amount of the serviced residences in Europe is determined using 10-year cash flow projections. The cash flow projections represent the rental income less related costs which the Group will earn and are based on past experience and expectations for these serviced residences in general.

Cash flows are projected using the estimated growth rate of 3% (2006: 3%) per annum. 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. A pre-tax discount rate of 7.75% (2006: 7.75%) has been applied to the cash flow projections.

As at 31 December 2007, the carrying value of goodwill on consolidation is approximately \$24.8 million (2006: \$23.7 million). 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.

(b) Serviced residences in Australia

In 2006, the recoverable amount of the serviced residences in Australia was determined using cash flow projections covering the remaining lease terms of those leased properties, which ranged from 5 to 20 years.

The cash flow projections represent the rental income less related costs which the Group will earn and are based on past experience and expectations for these serviced residences in general.

Cash flows were projected over the remaining lease terms. Cash flows beyond the five-year period were extrapolated using the estimated growth rates, which ranged from 2% to 3% per annum. The growth rate used was based on historical growth and past experience and did not exceed the currently estimated long-term average growth rate for the business in which the serviced residence operates. A pre-tax discount rate of 12% was applied to the cash flow projections.

Based on the above assessment, the goodwill was fully impaired and an impairment loss of \$4.4 million has been recognised in the financial year ended 31 December 2006.

5 Investment Properties

	The Group	
	2007 \$'000	2006 \$'000
At 1 January, as previously reported	6,553,643	5,914,905
Effects of change in accounting policy (see note 2(f)(i))	(1,181,459)	(1,138,818)
At 1 January, as restated	5,372,184	4,776,087
Acquisition of subsidiaries	1,281,869	667,305
Disposal of subsidiaries	(1,114,078)	(899,485)
(Disposals)/Additions	(215,267)	106,757
Transfer from other categories of assets	–	737,447
Revaluation gains	778,831	124,505
Translation differences	104,672	(140,433)
At 31 December	6,208,211	5,372,183

5 Investment Properties (cont'd)

- (a) Investment properties are stated at fair value based on internal valuation or independent professional valuation. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have considered valuation techniques including the direct comparison method, capitalisation approach and/or discounted cash flows in arriving at the open market value as at the balance sheet date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

Independent professional valuations were carried out by the following valuers:

Valuers	Valuation Date
CB Richard Ellis	December 2007
Colliers International	December 2007
Colliers, Jordan Lee & Jaafar Sdn Bhd	August 2007
DTZ Debenham Tie Leung	October/December 2007
PPC International Sdn Bhd	December 2007
Savills Valuation and Professional Services Limited	December 2007

- (b) As at 31 December 2007, certain investment properties with carrying value totalling approximately \$3,776.9 million (2006: \$2,813.9 million) were mortgaged to banks to secure credit facilities for the Group (notes 24 and 25).
- (c) Investment properties of the Group are held mainly for use by tenants under operating leases. Certain leases contain an initial non-cancellable period of up to 15 (2006: 16) years, with an option to renew at renegotiated terms.
- (d) The value of investment properties of the Group held under finance leases at 31 December 2007 was \$61.0 million (2006: \$58.3 million).

6 Properties Under Development

	2007 \$'000	The Group 2006 \$'000
Cost	578,297	304,563
Less:		
Allowance for impairment losses	(9,092)	(8,447)
	569,205	296,116

During the financial year, interest capitalised as cost of properties under development amounted to approximately \$1.2 million (2006: \$20.8 million).

Notes to the Financial Statements

7 Interests in Subsidiaries

	The Company	
	2007 \$'000	2006 \$'000
(a) Unquoted shares, at cost	2,306,257	2,122,402
Less:		
Allowance for impairment loss	(47,764)	(49,929)
	2,258,493	2,072,473
Add:		
Amounts owing by subsidiaries:		
– Loan accounts (interest bearing)	1,606,505	823,277
	3,864,998	2,895,750
(b) The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.		
(c) Details of the subsidiaries are set out in note 42.		

8 Associates

	Note	The Group	
		2007 \$'000	2006 \$'000
(a) Interests in associates			
Investment in associates		5,018,246	2,932,514
Amounts owing by associates:			
Loan accounts			
– interest free		149,190	207,390
– interest bearing		61,439	10,266
		210,629	217,656
		5,228,875	3,150,170
(b) Amounts owing by/(to) associates:			
Current accounts (unsecured)			
– interest free (trade)		31,087	18,965
– interest free (non-trade)		205,402	430,971
– interest bearing (non-trade)		291,231	76,009
		527,720	525,945
Less:			
Allowance for doubtful receivables		(30,588)	(29,977)
	13	497,132	495,968
Current accounts (mainly non-trade and unsecured)			
– interest free		(322,875)	(115,584)
– interest bearing		(108,784)	(900)
	18	(431,659)	(116,484)

8 Associates (cont'd)

- (c) Of the loan accounts, there are approximately \$154.9 million (2006: \$115.5 million) subordinated to the repayment of borrowings of certain associates.
- (d) The loans to associates formed part of the Group's net investment in associates. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.
- (e) Details of the associates are set out in note 43.
- (f) The financial information of the associates is as follows:

	2007 \$'000	The Group 2006 \$'000
Balance sheet		
Total assets	27,184,243	14,654,556
Total liabilities	10,966,777	6,094,255
Income statement		
Revenue	2,404,972	1,456,664
Profit after taxation	2,800,496	823,458

9 Jointly-Controlled Entities

	2007 \$'000	The Group 2006 \$'000
(a) Interests in jointly-controlled entities		
Investment in jointly-controlled entities	762,743	867,918
Amounts owing by jointly-controlled entities:		
Loan accounts		
– interest free	40,608	27,918
– interest bearing	418,507	703,926
	459,115	731,844
	1,221,858	1,599,762

Notes to the Financial Statements

9 Jointly-Controlled Entities (cont'd)

	Note	The Group 2007 \$'000	2006 \$'000
(b) Amounts owing by/(to) jointly-controlled entities:			
Current accounts (unsecured)			
– interest free (trade)		14,297	59,815
– interest free (non-trade)		273,254	279,277
– interest bearing (non-trade)		25,423	147,317
		312,974	486,409
Less:			
Allowance for doubtful receivables		(19)	–
	13	312,955	486,409
Current accounts (unsecured)			
– interest free (mainly non-trade)	18	(43,361)	(20,437)
(c) Loan accounts include an amount of approximately \$310.6 million (2006: \$660.0 million) which is subordinated to the repayment of borrowings of certain jointly-controlled entities.			
(d) The loans to jointly-controlled entities form part of the Group's net investment in jointly-controlled entities. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.			
(e) Details of the jointly-controlled entities are set out in note 44.			
(f) The Group's share of the jointly-controlled entities' results, assets and liabilities are as follows:			

	The Group 2007 \$'000	2006 \$'000
Balance sheet		
Investment properties	464,292	1,209,954
Properties under development	1,317,308	1,268,614
Other non-current assets	105,233	88,491
	1,886,833	2,567,059
Current assets	1,766,128	1,705,138
Less:		
Current liabilities	(765,655)	(439,310)
Net current assets	1,000,473	1,265,828
	2,887,306	3,832,887
Less:		
Non-current liabilities	(1,412,201)	(1,767,153)
	1,475,105	2,065,734

9 Jointly-Controlled Entities (cont'd)

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

	2007 \$'000	The Group 2006 \$'000
Income statement		
Revenue	483,554	329,424
Expenses	(98,591)	(246,066)
Fair value gain of investment properties	253,694	69,618
Profit before taxation	638,657	152,976
Taxation	(34,275)	(13,824)
Profit after taxation	604,382	139,152

The Group's share of the capital commitments of the jointly-controlled entities is \$1,499.7 million (2006: \$364.9 million).

10 Financial Assets

	2007 \$'000	The Group 2006 \$'000
(a) Non-current financial assets		
Fair value through profit or loss convertible bonds	161,560	–
Available-for-sale equity securities	442,216	327,419
	603,776	327,419
(b) Current financial assets		
Available-for-sale money market investment	301,540	–

11 Other Non-Current Assets

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Club memberships	744	649	147	147
Derivative assets	63,095	1,047	–	–
Loans to staff (interest free)	143	104	–	84
Other receivables	17,107	3,211	–	–
	81,089	5,011	147	231

As at 31 December 2007, other receivables include an amount of \$13.9 million (2006: Nil) due from a third party which bears interest at 10.7% per annum, is unsecured and repayable in October 2009, or such earlier date as mutually agreed.

Notes to the Financial Statements

12 Development Properties for Sale

	The Group	
	2007 \$'000	2006 \$'000
(a) Properties in the course of development, at cost	4,252,616	4,398,650
Less:		
Allowance for foreseeable losses	(17,190)	(251,533)
	4,235,426	4,147,117
Add:		
Attributable profit	372,875	401,898
	4,608,301	4,549,015
Less:		
Progress billings	(1,348,057)	(1,284,346)
	3,260,244	3,264,669
(b) Completed units, at cost	280,534	366,877
Less:		
Allowance for foreseeable losses	—	(8,881)
	280,534	357,996
	3,540,778	3,622,665

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

		The Group	
	Note	2007 \$'000	2006 \$'000
Interest and securitisation costs paid and payable	32(f)	99,221	82,332
Less:			
Interest received and receivable from fixed deposit project accounts	32(a)	(2,000)	(3,380)
		97,221	78,952

- (d) As at 31 December 2007, certain development properties for sale amounting to approximately \$1,434.7 million (2006: \$1,912.4 million) were mortgaged to banks to secure credit facilities of the Group (note 24).
- (e) As at 31 December 2007, certain properties in Australia amounting to approximately A\$65.4 million (2006: A\$122.6 million), equivalent to \$83.7 million (2006: \$147.3 million), were acquired through unconditional exchange contracts with various land vendors. The related amount owing to land vendors is secured over the title of the properties being purchased (notes 20 and 22).

12 Development Properties for Sale (cont'd)

- (f) As at 31 December 2007, there were certain development properties for sale amounting to \$420.3 million (2006: \$431.1 million) whose future receivables were sold to third parties. As part of the sale arrangement, 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 22).
- (g) If the Group had adopted the completion of construction method, the effects on the financial statements for the financial year ended 31 December 2007 and 31 December 2006 would have been as follows:

	The Group Increased/(Decreased) by	
	2007 \$'000	2006 \$'000
Revenue	(275,139)	(193,750)
Profit attributable to the equity holders of the Company	(138,954)	(41,711)
Accumulated profits as at 1 January	(84,556)	(42,845)
Development properties for sale as at 1 January	238,912	180,035
Development properties for sale as at 31 December	239,979	238,912
Interests in associates	(11,489)	–
Interests in jointly-controlled entities	(48,021)	–

13 Trade and Other Receivables

		The Group		The Company	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables	14	618,370	222,409	59	389
Accrued receivables	15	62,929	39,551	–	–
Derivative assets		8,188	28,836	–	–
Deposits, prepayments and other receivables	16	486,049	544,770	2,200	1,595
Amounts owing by:					
– associates	8	497,132	495,968	–	–
– jointly-controlled entities	9	312,955	486,409	–	–
– investees:					
– interest free		7,180	11,064	–	–
– interest bearing		89	192	–	–
– related corporations	23	–	–	1,679,083	1,542,616
– minority interests (unsecured and interest free)		71,458	144,532	–	–
		2,064,350	1,973,731	1,681,342	1,544,600

As at 31 December 2007, certain trade and other receivables amounting to approximately \$546.4 million (2006: \$308.8 million) were mortgaged to banks to secure credit facilities of the Group (note 24).

Notes to the Financial Statements

14 Trade Receivables

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables	626,531	229,899	59	389
Less:				
Allowance for doubtful receivables	(8,161)	(7,490)	–	–
	618,370	222,409	59	389

(a) The maximum exposure to credit risk for trade receivables at the reporting date (by Strategic Business Units) is:

	The Group	
	2007 \$'000	2006 \$'000
Residential	514,917	136,289
Commercial	21,509	8,042
Retail	14,310	14,952
Financial	25,361	16,489
Serviced residences	41,712	46,517
Others	561	120
	618,370	222,409

(b) The ageing of trade receivables at the reporting date is:

	Gross 2007 \$'000	Allowances for doubtful debts 2007 \$'000	Gross 2006 \$'000	Allowances for doubtful debts 2006 \$'000
The Group				
Not past due	315,769	–	142,242	–
Past due 1 – 30 days	31,054	(106)	42,112	–
Past due 31 – 90 days	187,801	(373)	10,421	(189)
More than 90 days	91,907	(7,682)	35,124	(7,301)
	626,531	(8,161)	229,899	(7,490)

Based on historical default rates, the Group believes that no allowance for doubtful debts is necessary in respect of the receivables not past due.

14 Trade Receivables (cont'd)

(c) The change in allowances for doubtful debts in respect of trade receivables during the year is as follows:

	The Group	
	2007 \$'000	2006 \$'000
At 1 January	(7,490)	(8,379)
Provision utilised	88	551
Provision during the year	(816)	(742)
Acquisition/disposal of subsidiaries (net)	178	794
Translation differences	(121)	286
At 31 December	(8,161)	(7,490)

15 Accrued Receivables

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

16 Deposits, Prepayments and Other Receivables

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deposits	52,933	17,501	111	55
Prepayments	74,848	27,883	92	48
Other receivables	321,480	444,654	2,055	1,492
Less:				
Allowance for doubtful receivables	(18,732)	(18,658)	(58)	–
	302,748	425,996	1,997	1,492
Tax recoverable	55,520	73,390	–	–
	486,049	544,770	2,200	1,595

As at 31 December 2006, other receivables include receivable from the sale of investment properties amounting to A\$150.5 million, equivalent to \$180.9 million. Other receivables also include staff loans, interest receivables, deferred sales consideration and other recoverable.

17 Cash and Cash Equivalents

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fixed deposits	3,303,997	2,238,069	1,530,721	1,476,838
Cash at banks and in hand	894,859	416,225	1,504	672
Amounts held under				
“Project Account Rules – 1997 Ed”	157,130	30,557	–	–
	4,355,986	2,684,851	1,532,225	1,477,510

Notes to the Financial Statements

17 Cash and Cash Equivalents (cont'd)

- (a) The withdrawal from amounts held under "Project Account Rules – 1997 Ed" are restricted to payments for expenditure incurred on development projects.
- (b) As at 31 December 2007, there was a charge over all monies from time to time standing to the credit of the project accounts amounting to \$85.5 million (2006: \$1.4 million) in respect of certain development properties for sale whose future receivables were sold (note 22).

18 Trade and Other Payables

	Note	The Group		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables		159,350	144,962	883	907
Accrued development expenditure		469,930	449,454	–	–
Accrued capital expenditure	20(a)	55,339	125,224	–	–
Accruals	19	541,750	343,870	20,190	16,047
Other payables	20(b)	495,615	395,292	5,056	13,505
Rental and other deposits		44,231	59,371	3	2
Progress billings in excess of work-in-progress	21	–	4,186	–	–
Derivative liabilities		602	7,702	–	–
Provisions	20(c)	–	9,545	–	–
Liability for employee benefits	28	72,029	32,903	50,833	21,990
Amounts owing to:					
– associates	8	431,659	116,484	–	–
– jointly-controlled entities	9	43,361	20,437	–	–
– related corporations	23	–	–	135,294	420,410
Minority interests (unsecured):					
– interest free		74,619	81,437	–	–
– interest bearing		56,692	71,510	–	–
Proceeds from sale of future receivables	22(b)	444,331	–	–	–
		2,889,508	1,862,377	212,259	472,861

19 Accruals

Accruals included accrued interest payable, accrued property, plant and equipment purchases and accrued administrative expenses.

20 Accrued Capital Expenditure, Other Payables and Provisions

- (a) Accrued capital expenditure relates to amounts owing to land vendors from certain unconditional contracts which a subsidiary of 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) Other payables included retention sums and amounts payable in connection with capital expenditure incurred.
- (c) Movements in provisions for income support are as follows:

	2007 \$'000	The Group 2006 \$'000
At 1 January	9,545	28,436
Provision written-back during the year	(9,545)	(9,651)
Provision utilised during the year	–	(9,240)
At 31 December	–	9,545

The provision for income support were made in conjunction with the sale of equity interests in subsidiaries with stakes in investment properties in 2001. Under the sale and purchase agreements, the Group is obligated to compensate the buyer for any shortfall in earnings over a period of 5 to 8 years from 2001. In 2007, the Group acquired the remaining stake of the above entity and thus the provision was no longer required.

21 Progress Billings in Excess of Work-In-Progress

	2007 \$'000	The Group 2006 \$'000
Cost incurred and provided for	181,546	181,734
Less:		
Progress payments received and receivable	(181,546)	(185,920)
	–	(4,186)

Notes to the Financial Statements

22 Other Non-Current Liabilities

		The Group		The Company	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Amounts owing to					
minority interests (unsecured)					
– interest free		61,324	69,659	–	–
– interest bearing		32,686	46,199	–	–
Liability for employee benefits	28	33,331	27,385	32,134	23,400
Derivative liabilities		11,446	6,684	–	–
Customer deposits and					
other non-current payables		62,572	40,391	–	–
Proceeds from sale of future receivables	22(b)	230,903	382,538	–	–
		432,262	572,856	32,134	23,400

(a) The other non-current payables include an amount of A\$22.1 million (2006: A\$18.4 million) equivalent to \$28.4 million (2006: \$22.1 million), owing to land vendors on terms similar to those described in note 20(a). The amount owing to minority interests are not expected to be repaid in the next 12 months.

(b) Proceeds from sale of future receivables

		The Group	
	Note	2007 \$'000	2006 \$'000
Current	18	444,331	–
Non-current		230,903	382,538
		675,234	382,538

These relate to the sale of future receivables in respect of certain residential projects in Singapore. The terms of the arrangement for the sale of future receivables included:

- (i) a fixed and floating charge over the assets of the subsidiaries undertaking the projects (note 12);
- (ii) a charge over all monies from time to time standing to the credit of the related project accounts (note 17);
- (iii) an assignment of all the subsidiaries' present and future rights, title to 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 projects 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 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.

23 Amounts Owed by/(to) Related Corporations

	Note	The Company	
		2007 \$'000	2006 \$'000
Current			
Amounts owing by:			
Subsidiaries			
– current accounts, mainly non-trade and interest bearing		22,681	37,097
– current loan:			
– interest free		512,984	190,773
– interest bearing		1,170,452	1,315,355
		1,683,436	1,506,128
Less:			
Allowance for doubtful receivables		(27,034)	(609)
		1,656,402	1,505,519
	13	1,679,083	1,542,616
Amounts owing (to):			
Subsidiaries			
– current accounts, mainly non-trade and interest bearing		(15)	(773)
– current loan:			
– interest free		(135,279)	(112,297)
– interest bearing		–	(307,340)
	18	(135,294)	(420,410)

All balances with related corporations are unsecured and repayable on demand.

24 Bank Borrowings

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Bank borrowings				
– secured	1,986,840	2,088,030	–	–
– unsecured	3,678,401	3,354,487	67,213	174,439
	5,665,241	5,442,517	67,213	174,439
Repayable:				
– within 1 year	1,208,505	1,523,160	67,213	174,439
– after 1 year	4,456,736	3,919,357	–	–
	5,665,241	5,442,517	67,213	174,439

(a) As at 31 December 2007, the effective interest rates for bank borrowings ranged from 2.96% to 8.24% (2006: 0.50% to 7.50%) per annum.

Notes to the Financial Statements

24 Bank Borrowings (cont'd)

(b) Secured bank borrowings

	The Group	
	2007 \$'000	2006 \$'000
Within 1 year	387,681	240,931
From 1 to 2 years	743,770	1,006,887
From 2 to 5 years	756,912	499,283
After 5 years	98,477	340,929
After 1 year	1,599,159	1,847,099
	1,986,840	2,088,030

Bank borrowings 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; and
- assignment of all rights, titles and benefits with respect to the properties.

(c) Unsecured bank borrowings

These comprise loans repayable:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Within 1 year	820,824	1,282,229	67,213	174,439
From 1 to 2 years	315,568	64,519	–	–
From 2 to 5 years	2,542,009	1,670,585	–	–
After 5 years	–	337,154	–	–
After 1 year	2,857,577	2,072,258	–	–
	3,678,401	3,354,487	67,213	174,439

25 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Convertible bonds (unsecured)	1,293,439	370,679	1,293,439	370,679
Notes issued	3,287,930	2,920,598	436,500	488,500
Less:				
Notes purchased (but not cancelled)	(377,250)	(652,245)	(345,500)	(363,000)
Notes outstanding	2,910,680	2,268,353	91,000	125,500
	4,204,119	2,639,032	1,384,439	496,179
Secured notes	1,281,859	998,070	–	–
Unsecured notes/bonds	2,922,260	1,640,962	1,384,439	496,179
	4,204,119	2,639,032	1,384,439	496,179
Repayable:				
Within 1 year	594,300	270,230	91,000	34,500
From 1 to 2 years	821,941	440,000	–	91,000
From 2 to 5 years	1,116,110	1,508,399	–	–
After 5 years	1,671,768	420,403	1,293,439	370,679
After 1 year	3,609,819	2,368,802	1,293,439	461,679
	4,204,119	2,639,032	1,384,439	496,179

(a) As at 31 December 2007, the effective interest rates for debt securities ranged from 3.20% to 8.10% (2006: 2.60% to 7.88%) per annum.

(b) Convertible bonds (unsecured)

	The Group and The Company	
	2007 \$'000	2006 \$'000
Convertible bonds	1,430,000	428,537
Less:		
Bond discount		
At 1 January	(57,858)	–
Additions	(92,000)	(58,910)
Amortisation	13,297	1,052
At 31 December	(136,561)	(57,858)
	1,293,439	370,679

Notes to the Financial Statements

25 Debt Securities (cont'd)

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

- (i) In November 2006, the Company issued \$430.0 million principal amount of Convertible Bonds (the “2006 Bonds”) due 2016 which carry interest rate at 2.10% per annum. The 2006 Bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of \$7.2611 at any time on or after 26 December 2006 and prior to the close of business (at the place the 2006 Bonds are deposited for conversion) on 5 November 2016. The 2006 Bonds may be redeemed, in whole or in part, at the option of the issuer at any time on or after 15 November 2011 and not less than seven business days prior to 15 November 2016 (subject to the satisfaction of certain conditions). Unless previously redeemed by the holder on 15 November 2013 or by the Company at any time on or after 15 November 2013, the final redemption date of the 2006 Bonds is 15 November 2016. The redemption price upon maturity is equal to the principal amount of the 2006 Bonds being redeemed.
- (ii) In June 2007, the Company issued \$1.0 billion principal amount of Convertible Bonds (the “2007 Bonds”) due 2022 which carry interest rate at 2.95% per annum. The 2007 Bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of \$13.8871 at any time on or after 20 June 2008 and prior to the close of business (at the place the 2007 Bonds are deposited for conversion) on 10 June 2022. The 2007 Bonds may be redeemed, in whole or in part, at the option of the issuer at any time on or after 20 June 2014 and not less than seven business days prior to 20 June 2022 (subject to satisfaction of certain conditions). Unless previously redeemed by the holder on 20 June 2017 or 20 June 2019 or by the Company at any time on or after 20 June 2014, the final redemption date of the 2007 Bonds is 20 June 2022. The redemption price upon maturity is equal to the principal amount of the 2007 Bonds being redeemed.

(c) Secured debt securities

- (i) A stapled entity of the Group, Australand, issued Commercial Mortgage-backed Securities amounting to A\$680.5 million (2006: A\$680.5 million), equivalent to \$872.1 million (2006: \$817.8 million), maturing on 25 June 2009 and 10 March 2011. These notes are secured by a first ranking real property mortgage over specific investment properties of Australand and by a fixed and floating charge over some of the assets of Australand.
- (ii) Australand has also issued Unrated Floating Rate Notes amounting to A\$261.8 million (2006: A\$150.0 million), equivalent to \$335.2 million (2006: \$180.3 million), maturing on 28 February 2008, 25 June 2009 and 10 March 2011. These notes are fully secured by a first ranking real property mortgage over specific investment properties of Australand and by a fixed and floating charge over some of the assets of Australand.

25 Debt Securities (cont'd)

(d) Unsecured debt securities

- (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 amounts on interest payment dates. Unless previously redeemed or purchased and cancelled, the debt securities are redeemable at the principal amounts on their respective maturity dates.
- (ii) A subsidiary, The Ascott Group Limited ("Ascott") established a \$1.0 billion multicurrency medium term note programme ("MTN Programme") during the year. Under the MTN Programme, Ascott may from time to time issue notes in tranches of one or more series in Singapore Dollars, US Dollars or any other currency and in such denominations as may be agreed between the relevant dealer of the MTN Programme and Ascott. Each series or tranche of notes may bear fixed, floating or variable rates of interest. During the year, Ascott issued \$310.0 million of the notes, which are due from 2010 to 2012. The notes comprise \$245.0 million Fixed Rate Notes and \$65.0 million Floating Rate Notes, and the interest rates ranged from 2.97% to 3.58% per annum.

26 Finance Leases

The Group had obligations under finance leases that are repayable as follows:

	Principal \$'000	The Group Interest \$'000	Payments \$'000
2007			
Repayable:			
Within 1 year	3,954	2,734	6,688
From 1 year to 5 years	16,873	8,250	25,123
After 5 years	25,962	4,541	30,503
After 1 year	42,835	12,791	55,626
	46,789	15,525	62,314
2006			
Repayable:			
Within 1 year	3,594	2,163	5,757
From 1 year to 5 years	15,783	6,720	22,503
After 5 years	28,902	4,481	33,383
After 1 year	44,685	11,201	55,886
	48,279	13,364	61,643

27 Deferred Income

Deferred income represents mainly unrealised profits on project management services.

Notes to the Financial Statements

28 Employee Benefits

	Note	The Group		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Liability for short term accumulating compensated absences		1,662	8,970	171	153
Liability for long service leave entitlement		3,904	3,985	–	–
Liability for retirement gratuity		–	2,096	–	–
Liability for staff incentive		99,794	45,237	82,796	45,237
		105,360	60,288	82,967	45,390
Current	18	72,029	32,903	50,833	21,990
Non-current	22	33,331	27,385	32,134	23,400
		105,360	60,288	82,967	45,390

(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. Following the cessation of operations and delisting of that subsidiary, the liability for long service leave entitlement was settled during the year.

(c) Staff incentive

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

(d) Equity compensation benefits

The Share Option Plan, the Performance Share Plan and the Restricted Stock Plan (collectively referred to as the "Share Plans") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 16 November 2000. The Share Plans are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising Mr Lim Chin Beng, Mr Hsuan Owyang and Mr Peter Seah Lim Huat.

Share Option Plan

The Company ceased to grant options under the Share Option Plan with effect from 2007. Statutory information regarding the Share Option Plan 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 ERCC in its absolute discretion; or
- A discount not exceeding 20% of the Market Price in respect of that option.

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

Share Option Plan (cont'd)

(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.

Movements in the number of outstanding options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2007 \$	No. of options 2007 ('000)	Weighted average exercise price 2006 \$	No. of options 2006 ('000)
At 1 January	2.44	57,755	1.69	64,119
Granted	—	—	3.86	22,221
Forfeited/Expired	3.27	(1,924)	2.44	(3,188)
Exercised	1.81	(24,704)	1.56	(25,397)
At 31 December	2.83	31,127	2.44	57,755
Exercisable on 31 December	2.14	6,914	1.46	14,902

Options exercised in 2007 resulted in 24,703,638 (2006: 25,397,307) shares being issued at a weighted average market price of \$7.62 (2006: \$4.72) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$7.46 (2006: \$4.67).

Options outstanding at the end of the year are summarised below:

Range of Exercise Price		Options outstanding 2007 ('000)	Weighted average contractual life	Options outstanding 2006 ('000)	Weighted average contractual life
Prior to Modification	Post Modification*				
\$0.87 to \$1.01	\$0.82 to \$0.96	900	3.91	6,321	5.64
\$1.02 to \$1.07	\$0.97 to \$1.02	4,216	5.75	9,452	6.67
\$1.08 to \$1.66	\$1.03 to \$1.61	498	3.05	2,152	2.41
\$1.67 to \$2.00	\$1.62 to \$1.95	650	2.83	4,718	3.88
\$2.01 to \$2.74	\$1.96 to \$2.69	8,673	6.90	13,831	7.60
\$2.75 to \$4.72	\$2.70 to \$4.67	16,190	7.84	21,281	8.92
		31,127		57,755	

* The Company paid a special dividend of \$0.05 per share on 28 May 2007. Accordingly, the exercise prices of the outstanding options granted under the Share Option Plan were adjusted to compensate for the decline in values of the said options.

Notes to the Financial Statements

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

Share Option Plan (cont'd)

Of the outstanding options as at 31 December 2007, there were 2,176,300 (2006: 6,712,050) options held by the directors of the Company. This included 1,200,000 (2006: 4,329,000) options held by Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The estimate of the fair value of the options granted is measured based on Enhanced Trinomial (Hull and White) valuation model. The fair values of options and assumptions are set out below:

Year of grant of options	2003	2004	2005	2006
<i>Weighted average fair value of options and assumptions</i>				
Fair value at measurement date	\$0.26	\$0.51	\$0.60	\$0.95
Share price based on volume-weighted average share price for 3 consecutive trading days prior to grant date	\$1.03	\$1.74	\$2.46	\$4.03
Exercise price at grant date	\$1.03	\$1.74	\$2.46	\$4.03
Expected volatility calculated based on 36 months adjusted closing price prior to the specific grant date	42.13%	38.47%	27.62%	23.34%
Risk-free interest rate based on 5/10 years zero-coupon Singapore Government bond yield on grant date for option with 5/10 years contractual life	2.41%	3.54%	3.14%	3.48%
Expected dividend yield based on expected dividend over 1-year volume-weighted average share price prior to grant date	3.51%	3.54%	2.67%	1.99%
Post-vesting forfeiture rate representing resignation after vesting period	1.87%	1.85%	1.87%	1.90%
Pre-vesting forfeiture rate representing resignation prior to vesting period	5.62%	5.54%	5.62%	5.69%
Exercise multiple which is the expected ratio of share price to exercise price based on assumed employee early exercise behaviour	1.4	1.4	1.4	1.4

The share price is based on volume-weighted average share price for 3 consecutive trading days prior to the grant date. The expected volatility is based on the historic volatility and calculated based on 36 months prior to the date of grant. The Company uses 10 (or 5) years risk-free rate for options with a 10 (or 5) years contractual term. Expected dividend yield is based on expected dividend payout over the 1-year volume-weighted average share price prior to the grant date. Pre-vesting forfeiture rates and post-vesting forfeiture rates are based on historical option forfeiture and employee turnover rates. Exercise multiple is estimated based on historical employee exercise behaviour.

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

The Modification Exercise in the Share Option Plan

The Company paid a special dividend of \$0.05 per issued ordinary share for the financial year ended 31 December 2006. In accordance with the Company's Share Option Plan, when the Company declares a special dividend (whether in cash or in specie), the ERCC may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that an option holder will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable.

On 9 May 2007, adjustments to the terms of the unexercised options were made (based on the ex-dividend date, 9 May 2007, and hereby also known as "modification date") in a manner such that the option holders will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of options was calculated using the Enhanced Trinomial (Hull and White) valuation model.

Exercise prices of the unexercised options were adjusted lower ranging between \$0.05 to \$0.06 per option to reflect the special dividend paid. No adjustments were made to the vesting and exercise periods of the options.

No incremental fair value of options was recognised as a result of the modification exercise and the significant inputs into the Enhanced Trinomial (Hull and White) valuation model were:

- Share price of \$8.43 based on volume-weighted average share price for 3 consecutive trading days prior to the modification date;
- The volatility measured at the standard deviation of expected share price returns of 25.43%, based on 36 months closing share price prior to the modification date;
- Option life ranging from 0.1 year to 9.9 years;
- Risk-free interest rate ranging from 2.24% to 2.75% per annum that matches the remaining life of the option. This is based on the zero-coupon Singapore Government bond yield on modification date for options with matching tenure contractual life;
- Early exercise multiple of 1.4, which is the expected ratio of share price to exercise price based on assumed employee early exercise behaviour;
- Dividend yield of 1.15%, based on expected dividend over 1-year volume-weighted average share price prior to the modification date; and
- Post-vesting forfeiture rate representing resignation after vesting period of 2% for Group executives and parent group and 0% for non-executive directors.

Notes to the Financial Statements

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

Performance Share Plan

This relates to compensation costs of the Company's Performance Share Plan reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

The number of shares under the Performance Share Plan outstanding at the end of the year are summarised below:

Year of Award	2007 ('000)	2006 ('000)
At 1 January	9,004	7,994
Granted	2,711	3,735
Forfeited/Cancelled	(1,081)	(501)
Additional shares granted arising from modification*	55	303
Released**	(1,880)	(2,527)
At 31 December	8,809	9,004

* The Company paid a special dividend of \$0.05 per share on 28 May 2007. Accordingly, the number of shares granted under the Performance Share Plan was adjusted to compensate for the decline in fair values of the said shares.

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

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

The fair values of the shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	2004	2005	2006	2007
<i>Weighted average fair value of shares and assumptions</i>				
Weighted average fair value at measurement date	\$0.25	\$2.53	\$4.71	\$6.07
Expected volatility based on 36 months closing share price prior to grant date	37.80%	27.88%	26.52%	26.50%
MSCI AC Asia Pacific Free ex-Japan Industrials Index annualised volatility based on 36 months prior to grant date	20.14%	16.00%	14.48%	14.05%
Share price at grant date	\$1.46	\$2.41	\$4.10	\$7.00
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	1.68%	2.10%	3.02%	2.95%

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

Performance Share Plan (cont'd)

Year of Award	2004	2005	2006	2007
<i>Weighted average fair value of shares and assumptions (cont'd)</i>				
Expected dividend yield over 12 months volume-weighted share price prior to the grant date	3.22%	2.38%	2.00%	1.29%
Correlation of return between MSCI AC Asia Pacific Free ex-Japan Industrials Index and the Company's share price measured over 36 months prior to the grant date	64.20%	55.86%	47.96%	48.10%

The Modification Exercise in the Performance Share Plan

During the year, the Company paid a special dividend of \$0.05 per issued ordinary share for the financial year ended 31 December 2006. In accordance with the Company's Performance Share Plan Rules, when the Company declares a special dividend (whether in cash or in specie), the ERCC may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that a Performance Share Plan participant will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable. On 9 May 2007, adjustments to the terms of the unvested shares were made (based on the ex-dividend date, 9 May 2007, and hereby also known as "modification date") in a manner such that the Performance Share Plan participants will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of shares was calculated using the Monte Carlo simulation model.

The number of shares was adjusted to reflect the special dividend paid. The adjustments resulted in additional contingent awards of 54,506 shares during the financial year ended 31 December 2007.

No incremental fair value of shares was recognised as a result of the modification exercise and the significant inputs into the Monte Carlo simulation model were:

- Share price of \$8.43, based on volume-weighted average share price for 3 consecutive trading days prior to the modification date;
- The volatility measured at the standard deviation of expected share price returns of 25.43%, based on 36 months closing share price prior to the modification date;
- The MSCI AC Asia Pacific Free ex-Japan Industrials Index annualised volatility based on 36 months prior to the modification date of 13.27%;
- Correlation of return between MSCI AC Asia Pacific Free ex-Japan Industrials Index and the Company's share price measured over 36 months prior to the modification date of 42.60%;
- Risk-free interest rate ranging from 2.28% to 2.42% per annum that matches the remaining life of the award. This is based on the zero-coupon Singapore Government bond yield on modification date for awards matching tenure contractual life; and
- Dividend yield of 1.15%, based on expected dividend over 1-year volume-weighted average share price prior to the modification date.

Notes to the Financial Statements

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

Restricted Stock Plan – Equity-settled/Cash-settled

This relates to compensation costs of the Company's Restricted Stock Plan reflecting the benefits accruing to the employees over the service period to which the performance criteria relate. The Company granted awards of shares under the Restricted Stock Plan in place of options with effect from 2007.

The number of shares outstanding under the Restricted Stock Plan at the end of the year are summarised below:

Year of Award	2007 ('000)
At 1 January	–
Granted	4,838
Forfeited/Cancelled	(314)
Additional shares granted arising from modification*	28
At 31 December	4,552**

* The Company paid a special dividend of \$0.05 per share on 28 May 2007. Accordingly, the number of shares (both equity and cash-settled) granted under the Restricted Stock Plan was adjusted to compensate for the decline in fair values of the said shares.

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

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

Cash-settled contingent awards of shares are measured at their current fair value at each balance sheet date.

The fair values of the equity-settled contingent award of shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	2007
<i>Weighted average fair value of shares and assumptions</i>	
Weighted average fair value at measurement date	\$6.78
Expected volatility based on 36 months closing share price prior to grant date	26.50%
Share price at grant date	\$7.00
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	2.78% to 2.95%
Expected dividend yield over 12 months volume-weighted share price prior to the grant date	1.29%

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

The Modification Exercise in the Restricted Stock Plan

The Company paid a special dividend of \$0.05 per issued ordinary share for the financial year ended 31 December 2006. In accordance with the Company's Restricted Stock Plan Rules, when the Company declares a special dividend (whether in cash or in specie), the ERCC may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that a Restricted Stock Plan participant will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable.

On 9 May 2007, adjustments to the terms of the unvested shares were made (based on the ex-dividend date, 9 May 2007, and hereby also known as "modification date") in a manner such that the Restricted Stock Plan participants will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of shares was calculated using the Monte Carlo simulation model.

The number of shares was adjusted to reflect the special dividend paid. The adjustments resulted in additional contingent awards of 28,204 shares (of which 3,826 are to be cash settled) during the financial year ended 31 December 2007.

No incremental fair value of shares was recognised as a result of the modification exercise and the significant inputs into the Monte Carlo simulation model were:

- Share price of \$8.43, based on volume-weighted average share price for 3 consecutive trading days prior to the modification date;
- The volatility measured at the standard deviation of expected share price returns of 25.43%, based on 36 months closing share price prior to the modification date;
- Risk-free interest rate ranging from 2.28% to 2.42% per annum that matches the remaining life of the award. This is based on the zero-coupon Singapore Government bond yield on modification date for awards with matching tenure contractual life; and
- Dividend yield of 1.15%, based on expected dividend over 1-year volume-weighted average share price prior to the modification date.

Notes to the Financial Statements

29 Share Capital

	The Group and The Company 2007 No. of shares (‘000)	2006 No. of shares (‘000)
Issued and fully paid:		
At 1 January	2,779,346	2,750,503
Exercise of options	24,703	25,397
Issue of performance shares	1,920	3,446
At 31 December	2,805,969	2,779,346

- (a) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company’s residual assets.
- (b) At the end of the financial year, there were 31,126,830 (2006: 57,754,808) options under the Share Option Plan, a maximum of 17,617,116 (2006: 18,007,602) shares under the Performance Share Plan and 5,890,309 (2006: Nil) shares under the Restricted Stock Plan, details of which are disclosed in note 28(d).
- (c) There were \$430.0 million convertible bonds due 2016 which are convertible by holders into 59,219,677 new ordinary shares in the capital of the Company at the conversion price of \$7.2611 for each new ordinary share (subject to adjustments in certain events) (note 25(b)(i)).
- (d) There were also \$1.0 billion convertible bonds due 2022 which are convertible by holders into 72,009,274 new ordinary shares in the capital of the Company at the conversion price of \$13.8871 for each new ordinary share (subject to adjustments in certain events) (note 25(b)(ii)).
- (e) The Company did not hold any treasury shares as at 31 December 2007.

Capital Management

The Company’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders’ equity, excluding minority interests, and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

From time to time, the Company may purchase its own shares on the market; subject to the terms of the share purchase mandate as approved by its shareholders. Share purchase allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased may be held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders. No share purchase was made during the year.

There were no changes in the Group’s approach to capital management during the year.

30 Other Reserves

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revaluation reserve	–	265,436	–	–
Other reserves:				
– Capital reserve	1,443,500	1,372,224	117,271	41,831
– Equity compensation reserve	92,613	46,220	36,623	24,330
– Hedging reserve	10,733	6,129	–	–
– Available-for-sale reserve	99,472	111,328	–	–
– Foreign currency translation reserve	(66,663)	(77,861)	–	–
	1,579,655	1,458,040	153,894	66,161
	1,579,655	1,723,476	153,894	66,161

The capital reserve comprises mainly capital gains on disposal of properties, share of associates' capital reserve, the value of the option granted to bondholders to convert their convertible bonds into ordinary shares of the Company. During the year, transaction cost of \$10.0 million (2006: \$5.3 million) incurred in relation to the issuance of convertible bonds was capitalised in capital reserve.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the options and shares under the Performance Share Plan and Restricted Stock Plan.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet occurred.

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale investment until the investment is derecognised.

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.

31 Revenue

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

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Continuing operations:				
– Trading of properties	2,663,323	2,159,743	–	–
– Rental and related income	405,438	306,228	–	–
– Fee income	305,036	210,819	60,991	36,459
– Serviced residence rental and related income	389,851	434,456	–	–
– Dividend income from subsidiaries	–	–	773,617	327,014
– Others	29,055	36,479	–	–
	3,792,703	3,147,725	834,608	363,473

Notes to the Financial Statements

32 Profit Before Taxation

Profit before taxation (from continuing operations) includes the following:

	Note	The Group 2007 \$'000	2006 \$'000	The Company 2007 \$'000	2006 \$'000
(a) Other operating income					
Interest income					
– fixed deposits		86,121	81,772	24,532	20,689
– subsidiaries		–	–	71,926	85,837
– associates and jointly-controlled entities		30,753	54,134	–	–
– investee companies and others		9,685	13,814	1,372	–
– interest capitalised in development properties for sale	12(c)	(2,000)	(3,380)	–	–
		124,559	146,340	97,830	106,526
Dividend income/capital distribution		19,702	19,711	20,384	–
Mark-to-market gain on financial assets held for trading		1,914	7,745	–	–
Gain on disposal/dilution/liquidation of subsidiaries, associates and jointly-controlled entities		322,959	128,451	37,193	–
Gain on disposal of available-for-sale financial assets		8,300	18,899	–	–
Foreign exchange gain		22,209	28,054	1	–
Gain on disposal of investment properties		47,005	222,094	–	–
Gain on disposal of properties under development		27,764	–	–	–
Gain/(Loss) on disposal of property, plant and equipment		139,810	(2,266)	102	–
Fair value gain from investment properties		778,831	–	–	–
(b) Staff costs					
Wages and salaries		490,429	335,878	58,862	26,219
Contributions to defined contribution plans		46,509	37,432	1,327	923
Share-based expenses		53,653	24,758	13,183	6,349
Increase/(decrease) in liability for short term accumulating compensated absences		565	84	17	(72)
Increase in liability for retirement gratuity		–	475	–	–
Increase in liability for long service leave entitlement		–	68	–	–
Staff benefits, training/development costs and others		54,295	42,305	2,968	1,615
		645,451	441,000	76,357	35,034
Less:					
Staff costs capitalised in development properties for sale		(50,958)	(49,137)	–	–
		594,493	391,863	76,357	35,034

32 Profit Before Taxation (cont'd)

	Note	The Group 2007 \$'000	2006 \$'000	The Company 2007 \$'000	2006 \$'000
(c) (i) Cost of sales					
Write back of foreseeable losses on development properties for sale (net)		(223,179)	(54,532)	–	–
Operating lease expenses		68,916	62,857	–	–
(ii) Administrative expenses					
Allowance for/(Write back of) doubtful receivables		1,588	11,123	26,483	(12,376)
Amortisation of intangible assets	4	1,188	346	–	–
Auditors' remuneration:					
– auditors of the Company		1,870	1,916	147	202
– other auditors		3,812	3,198	–	–
Non-audit fees:					
– auditors of the Company		441	335	18	11
– other auditors		820	1,173	–	–
Depreciation of property, plant and equipment	3	39,579	43,069	1,404	820
Write off/impairment loss made on intangible assets	4	3,785	4,408	–	–
Negative goodwill on acquisition		–	(77,000)	–	–
Operating lease expenses		17,587	15,663	1,889	1,586
(iii) Other operating expenses					
Impairment of available-for-sale financial assets		16,980	1,670	–	–
Mark-to-market loss on derivative instruments		5,589	8,987	–	–
Property, plant and equipment written off		948	534	18	42
Write back of provision for income support	20(c)	(9,545)	(9,651)	–	–
(Write back of impairment loss for)/impairment of subsidiaries		–	–	(2,165)	3,092
Write back in value of investment properties		–	(111,512)	–	–

Notes to the Financial Statements

32 Profit Before Taxation (cont'd)

(d) Remuneration of key management personnel

The key management personnel compensations are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Short term employee benefits	25,284	24,860	10,297	10,054
Employer's contributions to defined contribution plans	73	82	24	24
Equity compensation benefits	10,493	7,934	4,280	3,259
	35,850	32,876	14,601	13,337

(e) Professional fees

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

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Charged to income statement	51	—	—	—

(f) Finance costs

	Note	The Group		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Interest and securitisation costs paid and payable to:					
– subsidiaries		—	—	267	12,273
– bank loans and overdrafts		392,545	277,849	5,445	13,679
– debt securities		52,855	121,675	6,712	11,309
Convertible bonds:					
– interest expense		24,806	1,147	24,806	1,147
– amortisation of bond discount	25(b)	13,297	1,052	13,297	1,052
Derivative financial instruments		4,256	3,123	—	—
Minority interests		5,615	22,400	—	—
Others		13,697	5,819	199	437
Total borrowing costs		507,071	433,065	50,726	39,897
Less:					
Borrowing costs capitalised in:					
– property, plant and equipment	3	(3,149)	(1,935)	—	—
– properties under development	6	(1,152)	(20,803)	—	—
– development properties for sale	12(c)	(99,221)	(82,332)	—	—
		(103,522)	(105,070)	—	—
		403,549	327,995	50,726	39,897

The finance costs have been capitalised at interest rates of 6.6% (2006: 6.5%) per annum for development properties for sale.

33 Taxation

(a) Deferred Taxation

The Group	At 1/1/2007 \$'000	Income statement \$'000	Equity \$'000	Acquisition/ Disposal of subsidiaries \$'000	Translation differences \$'000	At 31/12/2007 \$'000
Deferred tax liabilities						
Accelerated tax depreciation	13,116	21,166	–	(681)	(64)	33,537
Discounts on compound financial instruments	11,572	(2,562)	16,560	–	–	25,570
Accrued income and interest receivable	4,342	190	–	(402)	10	4,140
Claw-back of capital allowances of assets in investment properties	9,280	154	–	–	–	9,434
Profits recognised on percentage of completion	10,591	53,317	–	–	1,101	65,009
Revaluation gains of investment properties	95,654	(12,129)	–	3,145	3,178	89,848
Unremitted earnings	49,321	(22,468)	–	–	2,766	29,619
Derivative financial instruments	8,262	–	10,522	–	–	18,784
Others	1,017	3,271	(396)	2,075	(655)	5,312
Total	203,155	40,939	26,686	4,137	6,336	281,253
Deferred tax assets						
Unutilised tax losses	(26,093)	2,377	–	1,424	(664)	(22,956)
Unutilised capital allowances	(191)	191	–	–	–	–
Provisions and expenses	(19,427)	(21,729)	–	37	(1,272)	(42,391)
Deferred income	(4,834)	(5,913)	–	–	(423)	(11,170)
Others	(938)	(4,520)	–	–	(149)	(5,607)
Total	(51,483)	(29,594)	–	1,461	(2,508)	(82,124)

Notes to the Financial Statements

33 Taxation (cont'd)

(a) Deferred Taxation (cont'd)

The Group	At 1/1/2006 \$'000	Effect of change in accounting policy \$'000	Income statement \$'000	Equity \$'000	Acquisition/ Disposal of subsidiaries \$'000	Translation differences \$'000	At 31/12/2006 \$'000
Deferred tax liabilities							
Accelerated tax depreciation	9,466	–	7,546	–	(3,896)	–	13,116
Discounts on compound financial instruments	–	–	(210)	11,782	–	–	11,572
Accrued income and interest receivable	3,474	–	869	–	(1)	–	4,342
Claw-back of capital allowances of assets in investment properties	10,906	–	1,014	–	(2,610)	(30)	9,280
Profits recognised on percentage of completion	11,490	–	(489)	–	(1)	(409)	10,591
Revaluation gains of investment properties	47,149	(5,043)	–	30,126	24,357	(935)	95,654
Unremitted earnings	–	–	47,247	–	2,002	72	49,321
Others	2,448	–	(1,998)	8,582	229	18	9,279
Total	84,933	(5,043)	53,979	50,490	20,080	(1,284)	203,155
Deferred tax assets							
Unutilised tax losses	(17,557)	–	(9,848)	–	1,325	(13)	(26,093)
Unutilised capital allowances	(135)	–	(56)	–	–	–	(191)
Provisions and expenses	(31,165)	–	8,897	–	2,099	742	(19,427)
Deferred income	–	–	(4,834)	–	–	–	(4,834)
Others	(930)	–	173	–	(104)	(77)	(938)
Total	(49,787)	–	(5,668)	–	3,320	652	(51,483)

33 Taxation (cont'd)

(a) Deferred Taxation (cont'd)

The Company	At 1/1/2007 \$'000	Income statement \$'000	Equity \$'000	At 31/12/2007 \$'000
Deferred tax liabilities				
Discounts on compound financial instruments	11,572	(2,562)	16,560	25,570
Deferred tax assets				
Provisions	–	(9,854)	–	(9,854)

The Company	At 1/1/2006 \$'000	Income statement \$'000	Equity \$'000	At 31/12/2006 \$'000
Deferred tax liabilities				
Discounts on compound financial instruments	–	(210)	11,782	11,572
Deferred tax assets				
Provisions	(3,955)	3,955	–	–

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deferred tax liabilities	238,057	182,490	25,570	11,572
Deferred tax assets	(38,928)	(30,818)	(9,854)	–
	199,129	151,672	15,716	11,572

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

	The Group	
	2007 \$'000	2006 \$'000
Deductible temporary differences	258,790	310,434
Tax losses	148,467	197,871
Unutilised capital allowances	1,564	353
	408,821	508,658

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

Notes to the Financial Statements

33 Taxation (cont'd)

(b) Tax Charge

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current tax expense				
– Based on current year's results	282,363	169,211	23,181	23,211
– (Over)/Under provision in respect of prior years	(25,661)	12,832	–	10,981
– Group relief	–	–	–	3,280
	256,702	182,043	23,181	37,472
Deferred tax expense				
– Origination and reversal of temporary differences	22,555	51,341	(12,416)	3,745
– Over provision in respect of prior years	(11,210)	(3,030)	–	–
	11,345	48,311	(12,416)	3,745
Total	268,047	230,354	10,765	41,217

Reconciliation of effective tax rate

	The Group	
	2007 \$'000	2006 \$'000
Profit before taxation (continuing and discontinued operations)	3,420,493	1,513,027
Less: Share of results of associates and jointly-controlled entities	(1,512,122)	(601,597)
Profit before share of results of associates, jointly-controlled entities and taxation	1,908,371	911,430
Income tax using Singapore tax rate of 18% (2006: 20%)	343,507	182,286
Adjustments:		
Expenses not deductible for tax purposes	71,180	90,251
Income not subject to tax	(241,893)	(87,506)
Effect of unrecognised tax losses and other deductible temporary differences	13,379	(19,663)
Effect of different tax rates in foreign jurisdictions	109,523	51,037
(Over)/Under provision in respect of prior years	(36,871)	9,802
Others	9,222	4,147
	268,047	230,354

33 Taxation (cont'd)

(b) Tax Charge (cont'd)

Reconciliation of effective tax rate (cont'd)

	2007 \$'000	The Company 2006 \$'000
Profit before taxation	819,421	393,883
Income tax using Singapore tax rate of 18% (2006: 20%)	147,496	78,777
Adjustments:		
Expenses not deductible for tax purposes	4,554	6,373
Income not subject to tax	(138,626)	(54,800)
Effect of other deductible temporary differences	(2,517)	–
Under provision in respect of prior year	–	10,981
Consideration paid for losses transferred	–	3,280
Tax benefit received on losses arising from group relief	–	(3,280)
Others	(142)	(114)
	10,765	41,217

34 Discontinued Operations

The discontinued operations relate to the hotel business of Raffles Holdings Limited which were divested in September 2005. In 2006, Raffles Holdings Limited recorded an additional gain of \$26.9 million upon finalisation of the divestment accounts of the hotel business. The impact of the discontinued operations on the consolidated cash flow of the Group for investing activities was \$90.6 million.

35 Earnings Per Share

(a) Basic earnings per share

	2007 \$'000	The Group 2006 \$'000 Restated
Basic earnings per share is based on:		
Net profit attributable to equity holders of the Company:		
– continuing operations	2,759,313	996,873
– discontinued operations	–	15,804
Net profit attributable to equity holders of the Company	2,759,313	1,012,677
		Number of shares (‘000)
Weighted average number of ordinary shares in issue during the year	2,799,067	2,769,447

Notes to the Financial Statements

35 Earnings Per Share (cont'd)

(b) Fully diluted earnings per share

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

	2007 \$'000	The Group 2006 \$'000 Restated
Net profit attributable to equity holders of the Company	2,759,313	1,012,677
Profit impact of conversion of the dilutive potential ordinary shares	33,637	1,759
Adjusted net profit attributable to equity holders of the Company	2,792,950	1,014,436
Attributable to:		
– continuing operations	2,792,950	998,632
– discontinued operations	–	15,804
	2,792,950	1,014,436
		Number of shares (‘000)
Weighted average number of ordinary shares used in calculation of basic earnings per share	2,799,067	2,769,447
Weighted average number of unissued ordinary shares from:		
– options under Share Option Plan	31,127	53,015
– shares under Performance Share Plan	17,617	18,008
– shares under Restricted Stock Plan	5,890	–
– convertible bonds	97,493	7,571
Number of ordinary shares that would have been issued at fair value	(12,583)	(28,613)
	139,544	49,981
Weighted average number of ordinary shares in issue (diluted)	2,938,611	2,819,428

36 Dividends

The Board of Directors of the Company proposed a first and final one-tier dividend of 8.00 cents per share and a special one-tier dividend of 7.00 cents per share, amounting to a net dividend of \$420.9 million based on the number of issued shares as at 31 December 2007. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year 2006, a first and final dividend of 7.00 cents per share (of which 3.81 cents per share was franked dividend, less tax at 18% and the balance was one-tier dividend) and a special one-tier dividend of 5.0 cents per share were approved and paid. The said dividends of \$317.1 million were paid in May 2007.

37 Notes to the Consolidated Statement of Cash Flows

(a) Acquisition of subsidiaries

- (i) The list of significant subsidiaries acquired during the year is as follows:

Name of Subsidiary	Date Acquired	Effective Interest Acquired
Eureka Office Fund Pte Ltd	August 2007	50.0%
Makati Property Ventures Inc (Ascott Makati)	March 2007	61.3%

The total related acquisition costs for the above-mentioned subsidiaries and other subsidiaries acquired, which individually was not significant, in aggregate amounted to \$763.0 million. From the dates of acquisitions to 31 December 2007, the above-mentioned acquisitions contributed net profit of \$46.1 million to the Group's results for the year, before accounting for financing costs attributable to the acquisition. If the acquisition had occurred on 1 January 2007, the Group's revenue for the year ended 31 December 2007 would have increased by \$75.7 million and net profit would have increased by \$63.6 million, before accounting for financing costs attributable to the acquisitions.

- (ii) The list of significant subsidiaries acquired in 2006 is as follows:

Name of Subsidiary	Date Acquired	Effective Interest Acquired
Yangzhou SZITIC Commercial Property Co., Ltd.	April 2006	65.0%
Dongguan SZITIC Commercial Property Co., Ltd.	June 2006	65.0%
Foshan SZITIC Commercial Property Co., Ltd.	June 2006	65.0%
Hua Qing Holdings Pte Ltd	September 2006	8.8%
Smooth Runner Co., Limited	September 2006	61.3%

The total related acquisition costs for the above-mentioned subsidiaries and other subsidiaries acquired, which individually was not significant, in aggregate amounted to \$167.8 million. From the dates of acquisitions to 31 December 2006, the above-mentioned acquisitions contributed net profit of \$0.5 million to the Group's results for the year, before accounting for financing costs attributable to the acquisition. If the acquisition had occurred on 1 January 2006, the Group's revenue for the year ended 31 December 2006 would have increased by \$79.3 million and net profit would have increased by \$4.2 million, before accounting for financing costs attributable to the acquisitions.

Notes to the Financial Statements

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

(b) Effects of acquisitions

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

The Group	Carrying amounts \$'000	Fair value adjustments \$'000	Recognised values \$'000
2007			
Property, plant and equipment	60,185	–	60,185
Investment properties	1,339,199	(57,330)	1,281,869
Other non-current assets	92	–	92
Current assets	115,266	29,238	144,504
Current liabilities	(40,280)	–	(40,280)
Interest bearing liabilities	(367,216)	–	(367,216)
Non-current liabilities	(9,526)	–	(9,526)
Minority interests	(7,635)	28,092	20,457
	1,090,085	–	1,090,085
Amounts previously accounted for as associates and jointly-controlled entities			(330,000)
Net assets acquired			760,085
Goodwill arising from acquisition			2,953
Purchase consideration			763,038
Less:			
Deposit paid in 2006			(11,683)
Cash of subsidiaries acquired			(93,085)
Cash outflow on acquisition of subsidiaries			658,270
2006			
Property, plant and equipment	3,929	–	3,929
Investment properties and properties under development	817,749	29,759	847,508
Other non-current assets	1,013	–	1,013
Current assets	189,101	–	189,101
Current liabilities	(153,788)	–	(153,788)
Interest bearing liabilities	(287,815)	–	(287,815)
Non-current liabilities	(184,821)	–	(184,821)
Minority interests	(74,231)	(10,416)	(84,647)
	311,137	19,343	330,480
Amounts previously accounted for as associates and jointly-controlled entities			(162,672)
Net assets acquired			167,808
Goodwill arising from acquisition			8
Purchase consideration			167,816
Less:			
Deposit paid in 2005			(13,645)
Cash of subsidiaries acquired			(36,747)
Cash outflow on acquisition of subsidiaries			117,424

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

(c) Effects of disposals

- (i) During the year, the Group disposed off the following significant subsidiaries for a total consideration of \$285.9 million:

Name of Subsidiary	Date Disposed	Effective Interest Disposed
Ascott Residence Trust*	March 2007	16.5%
Somerset Youyi (BVI) Limited	September 2007	66.5%
Citadines Biyun (BVI) Limited	September 2007	66.5%

* With effect from April 2007, Ascott Residence Trust ("ART") ceased to be a subsidiary of the Group and is equity accounted as an associate following the disposal of 16.5% interest in ART.

The disposed subsidiaries previously contributed net profit of \$3.4 million for the year ended 31 December 2006 and \$3.6 million from 1 January 2007 to the respective dates of disposal.

- (ii) In 2006, the Group disposed off the following significant subsidiaries for a total consideration of \$942.3 million:

Name of Subsidiary	Date Disposed	Effective Interest Disposed
Shanghai Xin Mao Property Development Co., Ltd	March 2006	95.0%
CapitaRetail China Developments (B) Pte Ltd	December 2006	55.0%
CapitaRetail China Investments (B) Pte Ltd	December 2006	73.9%
CapitaRetail China Investments (B) Alpha Pte Ltd	December 2006	73.9%
CapitaRetail China Investments (B) Beta Pte Ltd	December 2006	70.0%
CapitaRetail China Investments (B) Gamma Pte Ltd	December 2006	73.9%

The disposed subsidiaries previously incurred net loss of \$3.8 million for the year ended 31 December 2005 and \$4.8 million from 1 January 2006 to the respective dates of disposal.

Notes to the Financial Statements

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

(c) Effects of disposals (cont'd)

(iii) The cash flow and the net assets of subsidiaries disposed are provided below:

	2007 \$'000	The Group 2006 \$'000
Property, plant and equipment	157,328	24,154
Investment properties and properties under development	1,114,502	1,482,858
Other non-current assets	4,368	9,627
Current assets	220,958	157,820
Current liabilities	(92,779)	(207,038)
Interest bearing liabilities	(337,420)	(156,725)
Non-current liabilities	(64,285)	(24,589)
Minority interests	(401,085)	(104,203)
Net assets	601,587	1,181,904
Less:		
Equity interest retained as associates and jointly-controlled entities	(387,707)	(335,178)
Net assets disposed	213,880	846,726
Realisation of reserves	(19,110)	(54,929)
Deferred income	(3,851)	36,563
Gain on disposal of subsidiaries	94,936	113,956
Sale consideration	285,855	942,316
Less:		
Repayment of shareholders' loan	9,979	–
Deferred payment	(940)	(362,301)
Amount received in advance	–	(56,144)
Add:		
Deferred sale consideration received in relation to prior year's disposal of subsidiaries	346,864	78,800
Cash of subsidiaries disposed	(119,294)	(81,772)
Cash inflow on disposal of subsidiaries	522,464	520,899

(d) Net effects on acquisition and disposal of subsidiaries

	2007 \$'000	The Group 2006 \$'000
Net cash (outflow)/inflow on acquisition/disposal of subsidiaries	(135,806)	403,475

38 Financial Risk Management

(a) Financial risk management objectives and policies

The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified portfolio business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as currency forwards, interest rate swaps and caps as well as foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the Risk Assessment Group ("RAG"). RAG generates a comprehensive portfolio risk report to assist the committee. This quarterly report measures a spectrum of risks, including property market risks, construction risks, interest rate risks, refinancing and currency risks.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) 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 investments 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. The Group classifies these interest rate swaps and caps as cash flow hedges.

The net fair value of swaps as at 31 December 2007 was \$60.4 million (2006: \$21.7 million) comprising assets of \$65.7 million (2006: \$30.7 million) and liabilities of \$5.3 million (2006: \$9.0 million).

Sensitivity analysis

For interest rate swaps accounted for as cash flow hedges and other variable rate financial liabilities, it is estimated that an increase of 100bp in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and accumulated profits) by approximately \$29.8 million (2006: \$26.0 million). A decrease in 100bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken in account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of minority interests.

Notes to the Financial Statements

38 Financial Risk Management (cont'd)

(b) Market risk (cont'd)

(ii) 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 and US Dollars.

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

The Group also uses forward exchange contracts to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between 3 months and 5 years which are rolled over at market rates at maturity.

The fair value loss of the above forward exchange contracts as at 31 December 2007 was \$3.4 million (2006: \$7.6 million).

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 risks 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.

The Group's and Company's exposure to foreign currencies as at 31 December 2007 and 31 December 2006 are as follows:

The Group	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euros \$'000	Sterling Pounds \$'000	Others* \$'000	Total Foreign Currencies \$'000
2007									
Financial assets	616	–	–	404,572	161,300	35	–	–	566,523
Trade and other receivables	175,429	568,955	318,547	96,051	13,199	36,002	(12,098)	77,010	1,273,095
Cash and cash equivalents	245,198	83,428	380,021	29,700	20,666	62,346	57,725	35,197	914,281
Borrowings and finance leases	(1,885,521)	(2,738,222)	(469,661)	(630,860)	(267,009)	(462,178)	(8,959)	(152,243)	(6,614,653)
Trade and other payables	(326,705)	(369,337)	(861,682)	(28,832)	(16,988)	(59,789)	(6,909)	(36,621)	(1,706,863)
	(1,790,983)	(2,455,176)	(632,775)	(129,369)	(88,832)	(423,584)	29,759	(76,657)	(5,567,617)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	804,502	2,456,640	633,266	226,028	(17,187)	423,649	(38,227)	76,980	4,565,651
Foreign exchange forward contracts	(81,145)	–	–	–	–	–	(42,192)	–	(123,337)
Less: Available-for-sale financial assets	–	–	–	(111,119)	(161,300)	–	–	–	(272,419)
Currency exposure	(1,067,626)	1,464	491	(14,460)	(267,319)	65	(50,660)	323	(1,397,722)

38 Financial Risk Management (cont'd)

(b) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

The Group	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euros \$'000	Sterling Pounds \$'000	Others*	Total Foreign Currencies \$'000
2006									
Financial assets	5,913	–	–	276,098	22,111	43	–	–	304,165
Trade and other receivables	744,197	513,504	163,913	67,327	15,676	41,146	35,632	66,112	1,647,507
Cash and cash equivalents	73,420	20,771	186,301	14,279	5,559	76,428	50,016	18,133	444,907
Borrowings and finance leases	(1,605,710)	(2,375,494)	(488,337)	(772,581)	(86,953)	(578,630)	(38,428)	(91,432)	(6,037,565)
Trade and other payables	(136,750)	(390,402)	(501,940)	(30,428)	(7,140)	(67,248)	(35,433)	(17,421)	(1,186,762)
	(918,930)	(2,231,621)	(640,063)	(445,305)	(50,747)	(528,261)	11,787	(24,608)	(4,827,748)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	142,441	2,232,656	642,952	525,000	(3,907)	531,634	(50,167)	45,213	4,065,822
Less: Available-for-sale financial assets	–	–	–	(92,907)	(22,111)	–	–	–	(115,018)
Currency exposure	(776,489)	1,035	2,889	(13,212)	(76,765)	3,373	(38,380)	20,605	(876,944)

* Others include mainly Malaysian Ringgit and Thai Baht.

The Company	US Dollars \$'000	Australian Dollars \$'000	Sterling Pounds \$'000	Japanese Yen \$'000	Others*	Total Foreign Currencies \$'000
2007						
Trade and other receivables	67,453	–	–	–	–	67,453
Cash and cash equivalents	804	8	19	–	2	833
Borrowings	(67,213)	–	–	–	–	(67,213)
Trade and other payables	(358)	–	–	(10)	–	(368)
Currency exposure	686	8	19	(10)	2	705
2006						
Trade and other receivables	119,124	–	38,498	–	19,195	176,817
Cash and cash equivalents	21	7	18	–	2	48
Borrowings	(116,962)	–	(38,428)	–	(19,049)	(174,439)
Trade and other payables	(2,236)	–	(70)	–	(146)	(2,452)
Currency exposure	(53)	7	18	–	2	(26)

* Others include Hong Kong Dollars and Thai Baht.

Notes to the Financial Statements

38 Financial Risk Management (cont'd)

(b) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity analysis

It is estimated that a one percentage point strengthening in foreign currencies against the Singapore Dollar would decrease the Group's profit before tax (and accumulated profits) by approximately \$14.0 million (2006: \$8.8 million) and increase the Group's other components of equity by approximately \$2.7 million (2006: \$1.1 million) respectively. A one percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of minority interests.

It is estimated that a one percentage point strengthening/weakening in foreign currencies against the Singapore Dollar would not have any material impact on the profit before tax or equity of the Company. The analysis assumed that all other variables, in particular interest rates, remain constant.

(iii) Price risk

The Group has available-for-sale investments in equity securities and is exposed to price risk. These securities are listed in Japan and Hong Kong. The Group is not exposed to commodity price risk.

Sensitivity analysis

If prices for equity securities listed in Japan and Hong Kong change by 5% with all other variables including tax rate being held constant, the impact on the available-for-sale reserve will be as follows:

	2007		2006	
	5% index increase \$'000	5% index decrease \$'000	5% index increase \$'000	5% index decrease \$'000
Listed in Hong Kong	11,553	(11,553)	12,905	(12,905)
Listed in Japan*	1,944	(1,944)	—	—

* There was no investment in equity securities listed in Japan in 2006.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations. For trade receivables, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables relate mainly to the Group's customers who bought its residential units and tenants from its commercial buildings and retail malls. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and are of high credit standing.

The principal risk to which the Group and the Company is exposed in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts it has issued. To mitigate the risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 40.

The Group has a diversified portfolio of businesses and as at balance sheet date, there were no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

38 Financial Risk Management (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 at 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.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

The Group	Carrying amount \$'000	Contractual cash flows (including interest payments)			
		Total \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
2007					
Non-derivative financial liabilities					
Bank borrowings	5,665,241	6,170,494	1,382,965	4,703,333	84,196
Debt securities	4,204,119	5,275,972	677,377	2,381,060	2,217,535
Finance leases	46,789	62,314	6,688	25,123	30,503
Trade and other payables*	3,138,465	3,254,014	2,934,470	308,045	11,499
	13,054,614	14,762,794	5,001,500	7,417,561	2,343,733
Derivative financial liabilities	12,048	13,606	2,920	10,686	–
	13,066,662	14,776,400	5,004,420	7,428,247	2,343,733
2006					
Non-derivative financial liabilities					
Bank borrowings	5,442,517	5,907,932	1,662,925	3,536,827	708,180
Debt securities	2,639,032	3,099,506	379,820	2,211,082	508,604
Finance leases	48,279	61,643	5,756	22,503	33,384
Trade and other payables*	2,248,178	2,372,487	1,678,371	688,153	5,963
	10,378,006	11,441,568	3,726,872	6,458,565	1,256,131
Derivative financial liabilities	14,386	13,793	6,455	7,338	–
	10,392,392	11,455,361	3,733,327	6,465,903	1,256,131

* Excludes quasi-equity loans, excess of progress billings over work-in-progress, liability for employee benefits and provisions.

Notes to the Financial Statements

38 Financial Risk Management (cont'd)

(d) Liquidity risk (cont'd)

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and affect the income statement:

The Group	Carrying amount \$'000	Total \$'000	Contractual cash flows Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
2007					
Interest rate swaps					
– assets	41,567	45,051	19,141	26,996	(1,086)
– liabilities	(5,312)	(6,870)	(2,919)	(3,951)	–
Forward start interest rate swaps					
– assets	24,184	25,990	14	21,070	4,906
Interest rate caps					
– assets	1,814	2,187	1,242	945	–
	62,253	66,358	17,478	45,060	3,820
2006					
Interest rate swaps					
– assets	20,708	25,667	9,144	15,940	583
– liabilities	(5,512)	(5,753)	(3,823)	(1,930)	–
Forward start interest rate swaps					
– assets	8,648	15,504	–	8,117	7,387
Interest rate caps					
– assets	1,007	14	14	–	–
Non delivery swaps					
– liabilities	(2,968)	(2,968)	(2,968)	–	–
	21,883	32,464	2,367	22,127	7,970

38 Financial Risk Management (cont'd)

(e) 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:

	Carrying amount 2007 \$'000	Fair value 2007 \$'000	Carrying amount 2006 \$'000	Fair value 2006 \$'000
The Group				
Fixed rate long term liabilities				
– secured bank loans	–	–	344,278	356,374
– unsecured bank loans	–	–	115,684	115,550
– secured debt securities	184,405	180,512	173,055	173,899
– unsecured debt securities	2,297,520	2,387,099	1,221,071	1,323,810
	2,481,925	2,567,611	1,854,088	1,969,633
The Company				
Fixed rate long term unsecured debt securities	1,293,439	1,391,488	461,679	567,464

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

The following methods and assumptions are used to estimate the fair values of the following significant classes of financial instruments:

(i) *Floating Interest Bearing Loans*

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

(ii) *Trade and Other Receivables and Trade and Other Payables*

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature.

(iii) *Financial Assets*

Fair value is based on quoted bid prices at the balance sheet date without any deduction for transaction costs.

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

Fair value is estimated as the present value of future cash flows discounted at current interest rates for similar instruments at the balance sheet date.

(v) *Derivatives*

The fair value of financial derivative instruments are based on their market prices or brokers' quotes.

Notes to the Financial Statements

39 Commitments

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

(a) Operating lease

The Group leases a number of offices under operating leases. The leases typically have tenure of three years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect the market rate.

Future minimum lease payments for the Group and the Company on non-cancellable operating leases are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Lease payments payable:				
Within 1 year	75,961	45,313	2,039	1,622
From 1 to 5 years	196,210	94,554	1,573	2,440
After 5 years	67,227	53,078	300	–
	339,398	192,945	3,912	4,062

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

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Lease rentals receivable:				
Within 1 year	379,969	258,626	–	–
From 1 to 5 years	886,235	733,529	–	–
After 5 years	372,458	428,856	–	–
	1,638,662	1,421,011	–	–

39 Commitments (cont'd)

(b) Commitments

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments in respect of:				
– capital expenditure contracted but not provided for in the financial statements	35,936	24,872	–	–
– development expenditure contracted but not provided for in the financial statements	1,392,426	522,398	–	–
– capital contribution/acquisition of associates, jointly-controlled entities and investee companies	1,472,304	777,204	–	–
– purchase of land contracted but not provided for in the financial statements	245,279	360,910	–	–
– shareholders' loan committed to associates, jointly-controlled entities and investee companies	12,967	158,503	–	–
	3,158,912	1,843,887	–	–

(c) As at the balance sheet date, the notional principal values of financial instruments are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Interest rate caps	177,435	305,895	–	–
Interest rate swaps	2,807,231	3,376,143	–	–
Forward start interest rate swaps	1,190,949	961,416	–	–
Forward foreign exchange contracts	404,524	408,726	–	–
Non delivery swaps	–	48,090	–	–
Non delivery forward contracts	202,000	120,433	–	–
	4,782,139	5,220,703	–	–

(d) The maturity dates of these financial instruments are as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Within 1 year	948,172	2,037,461	–	–
From 1 to 5 years	3,237,858	2,637,758	–	–
After 5 years	596,109	545,484	–	–
	4,782,139	5,220,703	–	–

Notes to the Financial Statements

40 Financial Guarantee Contracts

There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group and the Company's future cash flows. The Group and the Company only issue guarantees for their subsidiaries and related parties.

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Guarantees and undertaking issued on behalf of:				
– subsidiaries	–	–	3,777,250	2,476,818
– associates	318,984	216,732	–	–
– jointly-controlled entities	26,028	32,150	3,621	16,342
	345,012	248,882	3,780,871	2,493,160

- (b) In 2007, the Company has provided several undertakings on cost overrun, interest shortfall, completion and annualised gross rental, on a joint or several basis, in respect of term loan and revolving credit facilities amounting to \$1,097.8 million, granted to a jointly-controlled entity.
- (c) In 2007, a subsidiary of the Group has provided a cost overrun undertaking, interest shortfall undertaking and completion undertaking, on a joint or several basis, in respect of term loans amounting to \$56.0 million (2006: \$56.0 million), granted to an associate. In 2006, a subsidiary of the Group has provided several cost overrun undertakings, interest shortfall undertakings and completion undertakings, on a joint or several basis, in respect of term loans and revolving credit facilities amounting to \$875.0 million, granted to its associates and jointly-controlled entities. These bank loans have been repaid in 2007.
- (d) A subsidiary of the Group entered into a put option agreement with the Trustee of CapitaRetail China Trust, an associate of the Group, in relation to the sale of Wangjing Mall, whereby the Trustee was granted the right to put the property back at the put option price to be determined based on an agreed basis, in the event the legal title of the Wangjing Mall was not obtained by 4 June 2008.
- (e) Certain of the Group's subsidiaries in China, whose principal activities are in the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers used to finance the purchase of residential properties developed by these subsidiaries. As at 31 December 2007, the outstanding notional amount of the guarantees amount to \$387.6 million (2006: \$192.1 million).

41 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 significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year as follows:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Subsidiaries				
Management fee income	–	–	60,991	36,459
Rental income	–	–	70	71
IT and administrative support services	–	–	1,463	243
Rental expense	–	–	(202)	(374)
Associates and Jointly-Controlled Entities				
Management fee income	189,951	115,272	–	–
Rental expense	(4,295)	(3,585)	(1,350)	(1,212)
Accounting service fee, acquisition fee, marketing income and others	24,410	6,384	–	–
Sale of development property	54,810	–	–	–
Construction and project management income	25,798	12,680	–	–
Others	(182)	(183)	(182)	(183)
Directors and Their Associates				
Sale of residential properties (net of discount under staff purchase scheme eligible for all full time staff of the Group)	2,678	954	–	–

Notes to the Financial Statements

42 Subsidiaries

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

Subsidiaries	Principal Activities	Percentage held by the Company	
		2007 %	2006 %
Areca Investment Pte Ltd	Property development and investment holding	100	100
CapitaLand Asia Pte Ltd	Investment holding	100	100
CapitaLand Commercial Limited (formerly known as CapitaLand Commercial and Integrated Development Limited)	Investment holding and provision of management services	100	100
CapitaLand Financial Limited	Investment holding	100	100
CapitaLand GCC Holdings Pte Ltd	Investment holding	100	–
CapitaLand ILEC Pte Ltd	Investment holding	100	100
CapitaLand Residential Limited	Investment holding and provision of management services	100	100
CapitaLand Retail Limited	Investment holding	100	100
CapitaLand Treasury Limited	Provision of financial and treasury services to related corporations	100	100
Pidemco Land Singapore Pte Ltd	Investment holding	100	100
Somerset Capital Pte Ltd	Investment holding	100	100
Somerset Land Pte Ltd	Investment holding and investment trading	100	100

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are:

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2007 %	2006 %
(i) 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 apartments	Singapore	66.5	67.1
(ii) Directly or indirectly held by CapitaLand Residential Limited:				
² Ausprop Holdings Limited	Investment holding	Singapore	100	100
² Australand Holdings Limited	Property investment, development and investment holding	Australia	54.2	54.2
² Australand Property Trust	Property trust	Australia	54.2	54.2
² Australand Property Trust No. 4	Property trust	Australia	54.2	54.2
² Australand Property Trust No. 5	Property trust	Australia	54.2	54.2
¹ Beijing Xinkai Real Estate Development Co., Ltd	Property development	The People's Republic of China	86.7	86.7
¹ Beijing Orchid Garden Real Estate Development Co., Ltd	Property development	The People's Republic of China	80.1	–
CapitaLand China Holdings Pte Ltd	Investment holding	Singapore	100	100
CRL Realty Pte Ltd	Property development and investment holding	Singapore	100	100
¹ Guangzhou Hai Yi Property Development Co., Ltd	Property development	The People's Republic of China	86.7	–
Hua Sheng Holdings Pte Ltd	Investment holding	Singapore	100	–

Notes to the Financial Statements

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2007 %	2006 %
(ii) Directly or indirectly held by CapitaLand Residential Limited (cont'd):				
Hua Jia Holdings Pte Ltd	Investment holding	Singapore	100	—
Leonie Court Pte Ltd	Property development and investment holding	Singapore	100	100
¹ Shanghai Ning Xin Real Estate Development Co., Ltd	Property development	The People's Republic of China	66	66
(iii) Directly or indirectly held by CapitaLand Commercial Limited:				
¹ Beijing Xin Jing Cheng Property Management Co., Ltd	Property investment and consultancy services	The People's Republic of China	100	100
CapitaLand (Office) Investments Pte Ltd	Investment holding	Singapore	100	100
Eureka Office Fund Pte Ltd	Investment holding	Singapore	100*	50
George Street Pte Ltd	Property investment	Singapore	100	50
Orthoclase Pte Ltd	Investment holding	Singapore	100	100
SBR Pte Ltd	Investment and fund management	Singapore	100	100
Somerset Mall Pte Ltd	Investment holding	Singapore	100	100
* During the year, the Group acquired the remaining 50% interest in Eureka Office Fund Pte Ltd. As a result, Eureka Office Fund Pte Ltd became a wholly owned subsidiary of the Group.				
(iv) Directly or indirectly held by CapitaLand Retail Limited:				
Albert Complex Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Retail (BJ) Investments Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Retail (SI) Investments Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Retail Hong Kong Investments Pte Ltd	Investment holding	Singapore	100	100

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2007 %	2006 %
(iv) Directly or indirectly held by CapitaLand Retail Limited (cont'd):				
CapitaLand Retail China Private Limited	Property investment	Singapore	100	100
Clarke Quay Pte Ltd	Property investment	Singapore	100	100
Plaza Singapura (Private) Ltd	Property investment	Singapore	100	100
Premier Health Services International Pte Ltd	Investment holding	Singapore	100	100
Pyramex Investments Pte Ltd	Investment holding	Singapore	100	100
(v) Directly or indirectly held by CapitaLand Financial Limited:				
CapitaLand China Development Fund Management Private Limited	Investment holding, fund management and investment management	Singapore	100	100
CapitaLand Fund Management Limited	Investment holding, fund management and property management	Singapore	100	100
CapitaLand Fund Investment Private Limited	Investment in real estate financial products, real estate assets and provision of investment and advisory services	Singapore	100	100
¹ CapitaLand Japan Kabushiki Kaisha	Consultancy and management services	Japan	100	100
CapitaCommerical Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
CapitaMall Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
CapitaRetail China Fund Management Pte Ltd	Property fund management	Singapore	100	100

Notes to the Financial Statements

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2007 %	2006 %
(v) Directly or indirectly held by CapitaLand Financial Limited (cont'd):				
CapitaLand RECM Pte Ltd	Investment holding	Singapore	100	100
MCDF Management Pte Ltd	Business management and consultancy services	Singapore	100	–
(vi) Directly or indirectly held by The Ascott Group Limited:				
¹ EuroResidence 1 SARL	Investment holding	France	66.5	67.1
¹ Guangzhou F.C. Golf & Country Club Co Ltd	Development and operation of a golf and country club	The People's Republic of China	46.6	47
¹ Orville SAS	Investment holding	France	66.5	67.1
SH Malls Investments Pte Ltd	Property rental and investment holding	Singapore	66.5	67.1
Somerset Investments Pte Ltd	Property investment and investment holding	Singapore	66.5	67.1
The Ascott Capital Pte Ltd	Trading securities and financial instruments and the provision of financing services	Singapore	66.5	67.1
The Ascott Group (Europe) Pte Ltd	Investment holding	Singapore	66.5	67.1
The Ascott Holdings Limited	Investment holding	Singapore	66.5	67.1

Notes:

All subsidiaries are audited by KPMG Singapore except for the following:

¹ Audited by other member firms of KPMG International.

² Audited by PricewaterhouseCoopers and its associated firms.

43 Associates

Details of significant associates are as follows:

			Effective Interest held by the Group	
Associates	Principal Activities	Place of Incorporation/ Business	2007 %	2006 %
(i) Jointly held by Somerset Capital Pte Ltd and The Ascott Group Limited:				
Ascott Residence Trust	Property trust	Singapore	37.3*	61.3
<i>* During the year, the Group disposed off 16.5% of Ascott Residence Trust ("ART"). As a result, ART ceased to be a subsidiary and became an associate of the Group.</i>				
(ii) Indirectly held by CapitaLand Residential Limited:				
² Lai Fung Holdings Limited	Investment holding	Cayman Islands	20	20
Joy Ascend Holdings Co Ltd	Investment holding	British Virgin Islands	36.1	—
(iii) Indirectly held by CapitaLand Commercial Limited:				
CapitaCommercial Trust	Property investment	Singapore	30.5#	30.4
<i># Includes 0.7% indirectly held by CapitaLand Financial Limited.</i>				
(iv) Indirectly held by CapitaLand Retail Limited:				
CapitaMall Trust	Property investment	Singapore	29.4^	31.1
² Bugis City Holdings Pte Ltd	Investment holding	Singapore	29.5	29.5
CapitaRetail Japan Fund Private Limited	Investment holding	Singapore	26.3	22.7
CapitaRetail China Trust	Property investment	Singapore	26®	26.2
CapitaRetail China Development Fund	Property investment	Singapore	45	45
CapitaRetail China Development Fund II	Property investment	Singapore	45	45
CapitaRetail China Incubator Fund	Property investment	Singapore	30	30
<i>^ Includes 0.5% indirectly held by CapitaLand Financial Limited.</i>				
<i>® Includes 0.1% indirectly held by CapitaLand Financial Limited.</i>				
(v) Indirectly held by CapitaLand Financial Limited:				
CapitaLand AIF Ltd	Investment holding	Cayman Islands	44.4	—
² I. P. Property Fund Asia Limited	Investment in real estate	Guernsey	20	20
(vi) Indirectly held by CapitaLand ILEC Pte Ltd				
East Asia Satellite Television (Holdings) Limited	Investment holding	British Virgin Islands	33.3	—

Notes to the Financial Statements

43 Associates (cont'd)

Details of significant associates are as follows (cont'd):

			Effective Interest held by the Group	
Associates	Principal Activities	Place of Incorporation/ Business	2007 %	2006 %
(vii) Indirectly held by The Ascott Group Limited:				
² Amanah Scotts Sdn Bhd	Investment holding, property development and management	Malaysia	33.3	33.3
Ascott Serviced Residence (China) Fund	Property investment and investment holding	The People's Republic of China	22	—

Notes:

All associates are audited by KPMG Singapore except for the following:

¹ Audited by other member firms of KPMG International.

² Audited by Ernst & Young and its associated firms.

44 Jointly-Controlled Entities

Details of significant jointly-controlled entities are as follows:

Details of significant jointly-controlled entities are as follows:

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group	
			2007 %	2006 %
(i) Directly held by CapitaLand Asia Pte Ltd:				
¹ T.C.C. Capital Land Limited	Property development and investment	Thailand	40	40
(ii) Indirectly held by CapitaLand Commercial Limited:				
¹ Grand Design Development Limited	Property investment	Hong Kong	–	50
Savu Investments Ltd	Property investment	Singapore	50	50
(iii) Indirectly held by CapitaLand Retail Limited:				
¹ CapitaLand Hualian Management & Consulting (Shenzhen) Co., Ltd	Property management and consulting services	The People's Republic of China	50	50
Orchard Turn Holdings Pte Ltd	Investment holding	Singapore	50	50
(iv) Indirectly held by The Ascott Group Limited:				
¹ Ascott Dilmun Holdings Limited	Investment holding	Jersey	33.3	33.3
¹ Sathom Supsin Company Limited	Property development and investment	Thailand	26.6	26.6

Notes:

All jointly-controlled entities are audited by KPMG Singapore except for the following:

¹ Audited by other member firms of KPMG International.

45 Segment Reporting (Group)

(a) Business Segments

2007	Rental and related income \$'000	Trading of properties \$'000	Serviced residences \$'000	Fee-income and others \$'000	Eliminations \$'000	Consolidated \$'000
Revenue						
External revenue	405,438	2,663,323	389,851	334,091	–	3,792,703
Inter-segment revenue	2,401	57,122	–	101,918	(161,441)	–
Total Revenue	407,839	2,720,445	389,851	436,009	(161,441)	3,792,703
Segmental Results						
Company and subsidiaries	1,403,800	684,940	168,173	55,007	–	2,311,920
Associates	711,585	80,240	73,019	42,896	–	907,740
Jointly-controlled entities	495,330	86,911	12,620	9,521	–	604,382
Earnings Before Interest and Taxation	2,610,715	852,091	253,812	107,424	–	3,824,042
Finance costs						(403,549)
Taxation						(268,047)
Profit for the year						3,152,446
Attributable to:						
Equity holders of the Company						2,759,313
Minority interests						393,133
Profit for the year						3,152,446
2007	Rental and related income \$'000	Trading of properties \$'000	Serviced residences \$'000	Fee-income and others \$'000	Eliminations \$'000	Consolidated \$'000
Significant Non-Cash Items						
– Depreciation	1,909	1,936	23,620	12,114	–	39,579
– Amortisation	–	–	123	1,065	–	1,188
– Other non-cash items*	(778,831)	–	–	53,653	–	(725,178)
Capital Expenditure	9,146	8,565	165,055	30,235	–	213,001
Assets and Liabilities						
Segment assets	7,638,665	4,530,550	1,774,559	5,407,877	–	19,351,651
Investment in						
– associates	3,815,396	778,542	504,886	130,051	–	5,228,875
– jointly-controlled entities	478,546	645,148	83,798	14,366	–	1,221,858
Unallocated assets	–	–	–	–	–	38,928
Total Assets	11,932,607	5,954,240	2,363,243	5,552,294	–	25,841,312
Segment liabilities	663,858	1,895,497	156,151	660,202	–	3,375,708
Unallocated liabilities	–	–	–	–	–	10,600,265
Total Liabilities	663,858	1,895,497	156,151	660,202	–	13,975,973

* The other non-cash items consist of valuation gain on investment properties and share-based expenses.

Notes to the Financial Statements

45 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Rental and related income \$'000	Trading of properties \$'000	Serviced residences \$'000	Fee-income and others \$'000	Eliminations \$'000	Total continuing operations \$'000	Total discontinued operations^ \$'000	Consolidated \$'000
2006								
Revenue								
External revenue	306,228	2,159,743	434,456	247,298	–	3,147,725	–	3,147,725
Inter-segment revenue	3,249	–	–	34,740	(37,989)	–	–	–
Total Revenue	309,477	2,159,743	434,456	282,038	(37,989)	3,147,725	–	3,147,725
Segmental Results								
Company and subsidiaries	501,986	524,106	151,344	35,095	–	1,212,531	26,894	1,239,425
Associates	269,000	(4,174)	2,173	195,446	–	462,445	–	462,445
Jointly-controlled entities	73,095	63,380	(5,142)	7,819	–	139,152	–	139,152
Earnings Before Interest and Taxation								
	844,081	583,312	148,375	238,360	–	1,814,128	26,894	1,841,022
Finance costs						(327,995)	–	(327,995)
Taxation						(230,354)	–	(230,354)
Profit for the year						1,255,779	26,894	1,282,673
Attributable to:								
Equity holders of the Company								1,012,677
Minority interests								269,996
Profit for the year								1,282,673
	Rental and related income \$'000	Trading of properties \$'000	Serviced residences \$'000	Fee-income and others \$'000	Eliminations \$'000	Consolidated \$'000		
2006								
Continuing Operations								
Significant Non-Cash Items								
– Depreciation	3,220	3,731	28,108	8,010		–		43,069
– Amortisation	–	–	346	–		–		346
– Other non-cash items^	(74,720)	(77,000)	8,612	(16,238)		–		(159,346)
Capital Expenditure	5,759	5,962	307,602	25,134		–		344,457
^ The other non-cash items consist of negative goodwill on acquisition, write back in value of investment properties and share-based expenses.								
Assets and Liabilities								
Segment assets	5,489,920	4,688,852	2,754,552	2,878,136		–		15,811,460
Investment in								
– associates	2,463,898	595,679	22,230	68,364		–		3,150,171
– jointly-controlled entities	944,004	513,912	59,465	82,381		–		1,599,762
Unallocated assets	–	–	–	–		–		30,818
Total Assets	8,897,822	5,798,443	2,836,247	3,028,881		–		20,592,211
Segment liabilities	590,301	826,134	181,540	902,146		–		2,500,121
Unallocated liabilities	–	–	–	–		–		8,629,145
Total Liabilities	590,301	826,134	181,540	902,146		–		11,129,266

⁺ The other non-cash items consist of negative goodwill on acquisition, write back in value of investment properties and share-based expenses.

45 Segment Reporting (Group) (cont'd)

(b) Geographical Segments

	Singapore \$'000	Australia and New Zealand \$'000	China* \$'000	Asia/ GCC* \$'000	Europe \$'000	Others® \$'000	Elimi- nations \$'000	Total continuing operations \$'000	Total discontinued operations^ \$'000	Consolidated \$'000
2007										
Revenue	895,244	1,446,306	1,094,201	68,221	280,181	8,550	–	3,792,703	–	3,792,703
Earnings Before Interest and Taxation	2,330,988	450,226	879,255	(537)	161,737	2,373	–	3,824,042	–	3,824,042
Total Assets	11,461,784	4,899,826	6,556,788	1,596,340	1,265,139	61,435	–	25,841,312	–	25,841,312
Capital Expenditure	56,216	4,348	94,977	35,244	21,707	509	–	213,001	–	213,001
2006										
Revenue	906,312	1,247,151	657,854	85,547	250,861	–	–	3,147,725	–	3,147,725
Earnings Before Interest and Taxation	930,880	279,792	408,895	23,760	170,801	–	–	1,814,128	26,894	1,841,022
Total Assets	8,712,888	4,252,172	5,398,572	975,279	1,248,553	4,747	–	20,592,211	–	20,592,211
Capital Expenditure	147,111	11,455	140,258	22,217	23,408	8	–	344,457	–	344,457

(c) Strategic Business Units

	Retail \$'000	Commercial \$'000	Financial services \$'000	Residential \$'000	The Ascott Group \$'000	RHL Group \$'000	Others and consolidation adjustments \$'000	Total continuing operations \$'000	Total discontinued operations^ \$'000	Consolidated \$'000
2007										
Revenue	124,247	241,793	119,172	2,863,716	459,475	–	(15,700)	3,792,703	–	3,792,703
Earnings Before Interest and Taxation	297,865	1,962,934	69,725	1,073,693	337,169	–	82,656	3,824,042	–	3,824,042
2006										
Revenue	94,614	139,195	101,222	2,356,047	478,120	4,697	(26,170)	3,147,725	–	3,147,725
Earnings Before Interest and Taxation	221,137	372,402	61,576	692,220	202,530	279,955	(15,692)	1,814,128	26,894	1,841,022

* The Group's operations in "China" include Hong Kong and Macau.

The Group's operations in "Asia/GCC" include Indonesia, Japan, Malaysia, Philippines, Thailand, Korea, India, Vietnam and Gulf Cooperation Council countries.

® The Group's operations in "Others" include the Cayman Islands.

^ The discontinued operations in 2006 related to the additional gains from the sale of hotel business.

Notes to the Financial Statements

46 Subsequent Events

- (a) On 8 January 2008, DBS Bank Ltd announced, for and on behalf of Somerset Capital Pte Ltd (“Offeror”), its intention to make a voluntary unconditional cash offer (the “Offer”) for all the issued ordinary shares in the capital of Ascott other than those already held by the Offeror, Somerset Land Pte Ltd and Areca Investment Pte Ltd at \$1.73 in cash for each share.

As at 28 February 2008, the aggregate number of shares owned, controlled or agreed to be acquired by the Offeror and its concert parties and valid acceptances of the offer amounted to approximately 98 per cent. of the total issued share in the capital of Ascott. The Offeror is currently entitled to, and it intends to exercise its right to compulsorily acquire the remaining shares in Ascott not acquired by it pursuant to the Offer.

No material change is expected in the recorded total equity of the Group at the date of the intended completion.

- (b) On 15 January 2008, an indirect wholly-owned subsidiary, Malachite Land Pte Ltd, announced that it would sell its entire 50% stake in Savu Investments Ltd and assign all its rights in respect of the shareholders loans for a cash consideration of \$403.5 million. Upon the completion, the Group is expected to recognise a gain of approximately \$110.1 million. The transaction was completed on 26 February 2008.
- (c) On 1 February 2008, the Company announced the pricing of its proposed issue of \$1.3 billion convertible bonds due 2018 (the “Bonds”). The Bonds are convertible into ordinary shares of the Company at any time on or after 15 April 2008 at a conversion price of \$8.6140 per share, and bear a coupon rate of 3.125% per annum. Settlement and payment for the Bonds are expected to take place on 5 March 2008. The net proceeds from the Bonds will be used to finance new investments, refinance existing borrowings and for working capital.

47 New Accounting Standards and Interpretations not yet adopted

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 23 *Borrowing Costs*
- FRS 108 *Operating Segments*
- INT FRS 111 *FRS 102 Group and Treasury Share Transactions*
- INT FRS 112 *Service Concession Arrangements*

FRS 23 will become effective for financial statements for the year ending 31 December 2009. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy is consistent with the FRS 23 requirement to capitalise borrowing costs.

FRS 108 will become effective for financial statements for the year ending 31 December 2009. Currently the Group presents segment information in respect of its business and geographical segments (see note 45). FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Other than the change in disclosures relating to FRS 108, the initial application of these standards (and its consequential amendments) and interpretations is not expected to have material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

48 Comparative Information

Comparatives in the financial statements have been changed from previous year due to the change in accounting policy as described in note 2(f)(i).

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Engagement Partner since
financial year ended
31 December 2005:
Eng Chin Chin

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.

