



CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

		The Group Full Year Ended 31 December		Incr/ (Decr)
		2005	2004 (restated)	
		S\$'000	S\$'000	%
Revenue	(Note a)	2,374,279	2,380,097	(0.2)
Cost of sales		(1,118,428)	(1,189,210)	(6.0)
Gross profit		<u>1,255,851</u>	<u>1,190,887</u>	5.5
Other operating income ⁽²⁾		98,052	53,487	83.3
Administrative expenses ⁽³⁾		(430,014)	(418,235)	2.8
Other operating expenses ⁽⁴⁾		(426,172)	(425,783)	0.1
Profit from operations		<u>497,717</u>	<u>400,356</u>	24.3
Finance costs ⁽⁵⁾		(152,480)	(178,306)	(14.5)
Profit before share of results of associates and jointly controlled entities		345,237	222,050	55.5
Share of after-tax profit/(loss) of:-				
- associates		-	(96)	NM
- jointly-controlled entities ⁽⁶⁾	(Note b)	58,625	280,685	(79.1)
		58,625	280,589	(79.1)
Profit before taxation		<u>403,862</u>	<u>502,639</u>	(19.7)
Income tax expense ⁽⁷⁾		(94,740)	(108,117)	(12.4)
Profit for the year		<u><u>309,122</u></u>	<u><u>394,522</u></u>	(21.6)
Attributable to:				
Equity holders of the parent		200,397	227,129	(11.8)
Minority interests		108,725	167,393	(35.0)
Profit for the year		<u><u>309,122</u></u>	<u><u>394,522</u></u>	(21.6)
Earnings per share				
- basic		21.1 cents	25.3 cents	
- diluted		20.8 cents	25.0 cents	

NM : Not meaningful

Notes :

- a) Excludes the Group's share of revenue generated by The Sale @ Marina Bay which is developed by a jointly-controlled entity.
- b) The figure for 2004 includes the one-time gain on sale of The Plaza, New York.
- c) The comparative figures have been restated/reclassified to take into account the retrospective adjustments arising from the adoption of various new/revised FRSs and the changes in accounting policies detailed in item 4 of this announcement, or to conform with current year's presentation.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Consolidated Statement of Recognised Income and Expense Year ended 31 December 2005

	The Group	
	2005	2004
	\$'000	(restated) \$'000
Exchange differences on consolidation of foreign subsidiaries	5,580	11,709
Change in fair value of equity investments available-for-sale	10,087	-
Actuarial losses on defined benefit plans	(6,447)	(7,568)
Net income recognised directly in equity	9,220	4,141
Profit for the year	309,122	394,522
Total recognised income and expenses for the year	318,342	398,663
Attributable to:-		
Equity holders of the parent	200,074	233,958
Minority interests	118,268	164,705
	318,342	398,663

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Notes to the Group's Income Statement:

- (1) Profit before taxation includes the following:

	The Group Full Year Ended 31 December	
	2005	2004 (restated)
	S\$'000	S\$'000
Interest income	27,251	33,281
Investment income	9,136	6,528
Profit on sale of investments, property, plant and equipment (net)	21,507	11,084
Write-back of/(allowance for) foreseeable losses on development properties (net)	7,296	(12,616)
Depreciation and amortisation	164,734	167,892
Net exchange gain/(loss)	(1,557)	1,187
Allowance for impairment losses for property, plant and equipment	(24,530)	(49,317)

- (2) Other operating income, comprising mainly profit on disposal of property, plant and equipment, interest income and miscellaneous income, increased by \$44.6 million for the year ended 31.12.2005. The increase was mainly due to business interruption insurance proceeds of £12.8 million (approximately S\$39.8 million) received in respect of the Millenium Hilton, New York, a hotel held by its subsidiary, Millennium & Copthorne Hotels plc and gain recognised on sale of Bayswater Tower, Kingsgate Shopping Centre and Kingsgate Commercial Centre in Sydney.
- (3) Administrative expenses comprise mainly depreciation, hotel administrative expenses, and salaries and related expenses.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, hotel other operating expenses and allowance for impairment losses.
- (5) Finance costs which comprise interest on borrowings, valuation losses on investments and amortisation of transaction costs on borrowings and debt securities, decreased by \$25.8 million for the year ended 31.12.2005. The decrease was mainly due to a reduction in the Group's borrowings and refinancing of debts at more competitive terms.
- (6) Share of after-tax profit of jointly-controlled entities decreased by \$222.0 million to \$58.6 million (restated 2004: \$280.6 million). The profit for 2005 relates mainly to gain from the sale of MyeongDong Central Building in Seoul, held by Myungdong Development Co. Ltd, in which the Group has a 50% interest, and profit contributions from Edelweiss Park and The Sail @ Marina Bay. Higher profits for 2004 are mainly due to gains arising from the sale of The Plaza, New York and write-back of tax provisions no longer required. Resulting from the change in accounting policy by the Group to state its hotel properties at cost less depreciation and impairment losses (refer item 4(b) for details on the change), the figures for 2004 have been restated to reflect the higher profit arising from the sale of The Plaza.
- (7) Income tax expense for the year is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates and after adjusting for write-back of overprovision in prior years of \$19.0 million (restated 2004: overprovision of \$63.8 million).

The overall tax rate for the Group is 23.5% for the year ended 31.12.2005 (restated 2004: 21.5%).

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	← The Group →		← The Company →	
		As at 31.12.2005 S\$'000	As at 31.12.2004 (restated) S\$'000	As at 31.12.2005 S\$'000	As at 31.12.2004 (restated) S\$'000
Non-current assets					
Property, plant and equipment		7,062,040	7,111,100	561,000	577,200
Intangible assets		73	88	-	-
Investments in subsidiaries		-	-	2,187,325	2,201,406
Investments in associates		-	1,241	-	-
Investments in jointly controlled entities		139,270	165,626	48,654	67,880
Financial assets		109,316	33,177	37,752	15,547
Other non-current assets		287,226	287,398	107,738	57,535
		7,597,925	7,598,630	2,942,469	2,919,568
Current assets					
Development properties		1,886,488	1,942,799	1,484,558	1,597,561
Consumable stocks		13,875	13,508	1,014	1,061
Financial assets		52,069	35,642	-	-
Trade and other receivables		771,177	702,523	1,104,580	969,550
Cash and cash equivalents		573,608	828,844	137,726	385,282
		3,297,217	3,523,316	2,727,878	2,953,454
Total assets		10,895,142	11,121,946	5,670,347	5,873,022
Equity attributable to equity holders of the parent					
Share capital		460,944	452,541	460,944	452,541
Reserves		4,086,872	3,899,223	3,299,588	3,210,504
		4,547,816	4,351,764	3,760,532	3,663,045
Minority interests		1,527,445	1,469,119	-	-
Total equity		6,075,261	5,820,883	3,760,532	3,663,045
Non-current liabilities					
Interest-bearing loans	(1)	2,679,926	2,594,672	917,467	933,037
Other liabilities		26,285	29,970	6,626	9,501
Employee benefits		45,877	41,737	-	-
Provisions		8,377	9,830	-	-
Deferred tax liabilities		433,549	387,522	20,437	10,906
		3,194,014	3,063,731	944,530	953,444
Current liabilities					
Bank overdrafts		2,815	2,171	-	-
Trade and other payables		611,146	688,222	772,827	983,698
Interest-bearing borrowings	(1)	910,422	1,414,262	175,264	236,617
Other liabilities		2,394	2,441	-	-
Employee benefits		15,602	14,566	1,191	1,153
Provision for taxation		81,630	115,173	16,003	35,065
Provisions		1,858	497	-	-
		1,625,867	2,237,332	965,285	1,256,533
Total liabilities		4,819,881	5,301,063	1,909,815	2,209,977
Total equity and liabilities		10,895,142	11,121,946	5,670,347	5,873,022

Notes :

(1) These balances are stated at amortised cost after taking into consideration the related transaction costs.

(2) Certain comparative figures have been restated/reclassified to account for adjustments arising from the adoption of various new/revised FRSs and the changes in accounting policies detailed in item 4 of this announcement, or to conform with current year's presentation.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks, financial institutions and finance lease creditors, after deducting cash and cash equivalents. It excludes advances from minority shareholders of certain subsidiaries, deferred real estate taxes payable, retention sums payable, other payables and deposits received. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	As at 31/12/2005 S\$'000	As at 31/12/2004 S\$'000
<u>Unsecured</u>		
-repayable within one year	175,798	564,306
-repayable after one year	1,499,589	1,267,339
(a)	1,675,387	1,831,645
<u>Secured</u>		
-repayable within one year	737,884	855,296
-repayable after one year	1,187,605	1,334,272
(b)	1,925,489	2,189,568
Gross borrowings	3,600,876	4,021,213
Less : cash and cash equivalents	(573,608)	(828,844)
Net borrowings	3,027,268	3,192,369

Details of any collateral

The borrowings by subsidiaries are generally secured by:

- mortgages on the borrowing subsidiaries land and buildings and/or hotel properties and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds

The borrowings by the Company are unsecured.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Full Year Ended	
	31 December	
	2005	2004
		(restated)
Operating Activities	S\$'000	S\$'000
Profit before taxation	403,862	502,639
Adjustments for:		
Depreciation and amortisation	164,734	167,892
Intangibles written off	-	136
Property, plant and equipment written off	758	411
Profit on sale of property, plant and equipment	(21,507)	(10,746)
Share of profit of associates and jointly-controlled entities (net of tax)	(58,625)	(280,589)
Interest income	(27,251)	(33,281)
Finance costs	152,480	178,306
Dividend income	(7,513)	(4,973)
Valuation differences	(2,488)	-
Allowance for diminution in value of investments written back (net)	-	(1,288)
Share-based payment expenses	1,835	1,270
Allowance for foreseeable losses on development properties (written back)/made (net)	(7,296)	12,616
Impairment losses for property, plant and equipment	24,530	49,317
Investment in jointly controlled entities written off	2,722	-
Operating profit before working capital changes	626,241	581,710
Changes in working capital		
Development properties	170,341	387,357
Stocks, trade and other receivables	33,860	(46,675)
Related corporations	(205,128)	10,107
Trade and other payables	(6,197)	4,224
Employee benefits	(2,108)	5,133
Cash generated from operations	617,009	941,856
Income tax paid	(91,958)	(47,180)
Cash flows from operating activities carried forward	525,051	894,676

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

	Full Year Ended	
	31 December	
	2005	2004
	(restated)	
	S\$'000	S\$'000
Cash flows from operating activities brought forward	525,051	894,676
Investing Activities		
Purchase of property, plant and equipment	(300,066)	(112,264)
Proceeds from sale of property, plant and equipment	125,920	122,177
Disposal of investments in jointly-controlled entities	86,975	26,634
Disposal of investments in associates	1,336	-
Purchase of intangible assets	(3)	(154)
Cash flow on acquisition of subsidiary (net of cash)	(4,519)	-
Purchase of financial assets (net)	(64,524)	(10,139)
Interest received (including amounts capitalised as property, plant and equipment and development properties)	27,708	33,413
Dividends received		
- investments	7,513	4,973
- jointly-controlled entities	12,688	292,816
Cash flows from investing activities	(106,972)	357,456
Financing Activities		
Proceeds from issue of shares	42,016	442,240
Capital contribution from/(return of capital to) minority shareholders (net)	2,072	(28,271)
Proceeds from term loans	1,367,905	647,351
Repayment of term loans	(1,386,905)	(1,520,974)
Repayment to finance lease creditors	(5,361)	(4,913)
Increase in finance lease	-	5
Proceeds from issuance of bonds and notes	412,601	486,711
Payment of transaction costs	(2,986)	(2,460)
Repayment of bonds and notes	(783,240)	(411,096)
Repayment of other long-term liabilities	(442)	(2,531)
Repayment of bank loans	(21,055)	(26,450)
Movements in fixed deposit pledged to a financial institution	(16)	(1,010)
Dividend paid	(126,215)	(387,753)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(161,719)	(184,187)
Cash flows from financing activities	(663,345)	(993,338)
Net (decrease)/increase in cash and cash equivalents carried forward	(245,266)	258,794

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

	Full Year Ended 31 December	
	2005	2004 (restated)
	S\$'000	S\$'000
Net (decrease)/increase in cash and cash equivalents brought forward	(245,266)	258,794
Exchange differences arising on translation of foreign subsidiaries' cash and cash equivalents	(10,630)	(20)
Cash and cash equivalents at the beginning of the year	825,663	566,889
Cash and cash equivalents at the end of the year	<u>569,767</u>	<u>825,663</u>
Cash and cash equivalents comprise:-		
Cash at cash equivalents as shown in the Balance Sheet	573,608	828,844
Less: Fixed deposit pledged to a financial institution	(1,026)	(1,010)
Bank overdrafts	(2,815)	(2,171)
	<u>569,767</u>	<u>825,663</u>

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	←-----Attributable to equity holders of the Parent----->									
	Share Capital S\$m	Share Prem. S\$m	Cap. Res. S\$m	Other Res.* S\$m	Asset Rev. Res. S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m	Total S\$m	Minority Interests S\$m	Total Equity S\$m
At 1 January 2004, as previously reported	413.6	1,055.4	148.2	-	461.4	165.5	2,358.9	4,603.0	2,069.0	6,672.0
Effects of adopting										
- FRS 102	-	-	-	0.3	-	-	(0.3)	-	-	-
- FRS 19	-	-	-	-	-	-	(6.3)	(6.3)	(0.3)	(6.6)
Effect of change in accounting policy relating to hotel properties (refer item 4(b) for details)	-	-	-	-	(461.4)	(31.2)	(41.3)	(533.9)	(736.6)	(1,270.5)
At 1 January 2004, restated	413.6	1,055.4	148.2	0.3	-	134.3	2,311.0	4,062.8	1,332.1	5,394.9
Exchange differences on consolidation of foreign subsidiaries	-	-	-	-	-	10.9	-	10.9	0.8	11.7
Actuarial losses on defined benefit plans	-	-	-	-	-	-	(4.1)	(4.1)	(3.5)	(7.6)
Net gains/(losses) recognised directly in equity	-	-	-	-	-	10.9	(4.1)	6.8	(2.7)	4.1
Profit for the year (restated)	-	-	-	-	-	-	227.1	227.1	167.4	394.5
Total recognised income and expenses for the year	-	-	-	-	-	10.9	223.0	233.9	164.7	398.6
Issue of ordinary shares	22.4	89.6	-	-	-	-	-	112.0	-	112.0
Issuance of preference shares (net of expenses)	16.5	313.7	-	-	-	-	-	330.2	-	330.2
Change of interests in subsidiaries	-	-	-	-	-	-	-	-	(4.6)	(4.6)
Value of employee services received for issue of share options	-	-	-	0.7	-	-	-	0.7	0.6	1.3
Dividend paid	-	-	-	-	-	-	(387.8)	(387.8)	(23.6)	(411.4)
At 31 December 2004	452.5	1,458.7	148.2	1.0	-	145.2	2,146.2	4,351.8	1,469.2	5,821.0
Effect of adopting FRS 39	-	-	-	8.8	-	-	3.5	12.3	(8.4)	3.9
At 1 January 2005 (restated)	452.5	1,458.7	148.2	9.8	-	145.2	2,149.7	4,364.1	1,460.8	5,824.9
Exchange differences on consolidation of foreign subsidiaries	-	-	-	-	-	(3.2)	-	(3.2)	8.8	5.6
Change in fair value of equity investments available-for-sale	-	-	-	6.2	-	-	-	6.2	3.9	10.1
Actuarial losses on defined benefit plans	-	-	-	-	-	-	(3.3)	(3.3)	(3.1)	(6.4)
Net gains/(losses) recognised directly in equity	-	-	-	6.2	-	(3.2)	(3.3)	(0.3)	9.6	9.3
Profit for the year	-	-	-	-	-	-	200.4	200.4	108.7	309.1
Total recognised income and expenses for the year	-	-	-	6.2	-	(3.2)	197.1	200.1	118.3	318.4
Issue of ordinary shares	8.4	33.6	-	-	-	-	-	42.0	-	42.0
Change of interests in subsidiaries	-	-	-	-	-	-	-	-	2.1	2.1
Value of employee services received for issue of share options	-	-	-	0.9	-	-	-	0.9	0.9	1.8
Hedging differences transferred to profit for the year	-	-	-	6.4	-	-	-	6.4	5.8	12.2
Dividend declared or paid	-	-	-	-	-	-	(65.7)	(65.7)	(60.5)	(126.2)
At 31 December 2005	460.9	1,492.3	148.2	23.3	-	142.0	2,281.1	4,547.8	1,527.4	6,075.2

* Other reserves comprise mainly Fair Value Reserve arising from available-for-sale investments.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The Company	Share Capital S\$m	Share Premium S\$m	Capital Res. S\$m	Asset Rev. Res. S\$m	Exch. Fluct. Res. S\$m	Fair Value Res. S\$m	Accum. Profits S\$m	Total S\$m
At 1 January 2004, as previously reported	413.6	1,042.3	63.7	0.9	(0.8)	-	2,052.4	3,572.1
Effect of adopting FRS 21(revised)	-	-	-	-	0.8	-	(0.8)	-
Effect of change in accounting policy relating to hotel properties (refer item 4(b) for details)	-	-	-	(0.9)	-	-	(1.3)	(2.2)
At 1 January 2004, restated	413.6	1,042.3	63.7	-	-	-	2,050.3	3,569.9
Issue of ordinary shares	22.4	89.6	-	-	-	-	-	112.0
Issue of preference shares (net of expenses)	16.5	313.7	-	-	-	-	-	330.2
Profit for the year (restated)	-	-	-	-	-	-	38.7	38.7
Dividend paid	-	-	-	-	-	-	(387.8)	(387.8)
At 31 December 2004, restated	452.5	1,445.6	63.7	-	-	-	1,701.2	3,663.0
Effect of adopting FRS 39	-	-	-	-	-	13.2	(0.2)	13.0
At 1 January 2005, restated	452.5	1,445.6	63.7	-	-	13.2	1,701.0	3,676.0
Issue of ordinary shares	8.4	33.6	-	-	-	-	-	42.0
Change in fair value of equity investments available-for-sale recognised directly in equity	-	-	-	-	-	4.5	-	4.5
Profit for the year	-	-	-	-	-	-	103.7	103.7
Dividend declared or paid	-	-	-	-	-	-	(65.7)	(65.7)
At 31 December 2005	460.9	1,479.2	63.7	-	-	17.7	1,739.0	3,760.5

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary share capital

During the year ended 31 December 2005, the Company issued 16,806,550 new ordinary shares of \$0.50 each pursuant to the exercise of subscription rights by bonus warrant holders, thus bringing the total issued and paid up ordinary share capital as at 31 December 2005 to \$444,400,529 comprising 888,801,058 ordinary shares of \$0.50 each.

As at 31 December 2005, the number of ordinary shares that may be issued on conversion of all the outstanding bonus warrants is 21,103,149 ordinary shares (31 December 2004: 37,909,699 ordinary shares).

Preference share capital

There were no additional preference shares issued during the year ended 31 December 2005. The total issued and paid up preference share capital as at 31 December 2005 and 31 December 2004 was \$16,543,712.85 comprising 330,874,257 non-redeemable convertible non-cumulative preference shares of \$0.05 each.

As at 31 December 2005, the maximum number of ordinary shares that may be issued upon full conversion of all the preference shares at the sole option of the Company is 44,998,898 ordinary shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2004 except for the following:-

- (a) Changes arising from the adoption of new/revised Financial Reporting Standards ("FRS") issued by the Council on Corporate Disclosure and Governance which are operative for financial year beginning on or after 1 January 2005:

(i) **FRS 21 (revised) - The Effects of Changes in Foreign Exchange Rates**

FRS 21 (revised) requires exchange differences on loans from the Company to its subsidiaries which forms part of the Company's net investment in the subsidiaries to be included in the Company's income statement. Previously, the exchange differences were included in the Company's Exchange Fluctuation Reserves. On consolidation, exchange differences on such inter-company loans continue to be taken to Exchange Fluctuation Reserves. The application is retrospective and accordingly the comparative financial statements for 2004 are restated.

(ii) **FRS 39 - Financial Instruments: Recognition and Measurement**

The adoption of FRS 39 resulted in the Group and the Company measuring its derivative financial instruments, available-for-sale investments and trading investments as assets or liabilities at fair values. Financial assets and liabilities are stated at amortised cost instead of cost. Previously, derivative financial instruments were not recorded on the balance sheet and investments in debt and equity securities were stated at market value if they were held for short term purposes. Where a derivative or non-derivative financial instrument is an effective hedge in a cash flow hedge relationship, the change in fair value of the hedging instrument relating to the effective portion is recorded in equity. In accordance with the transitional provisions of this FRS, the comparative financial statements for 2004 are not restated.

(iii) **FRS 102 - Share-based Payment**

FRS 102 requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. The application on the Share Option Scheme of a subsidiary is retrospective and accordingly the comparative financial statements for 2004 are restated.

The financial effects of the adoption of these changes on accumulated profits and other reserves are set out in item 1(d)(i).

The Group and the Company have also adopted revisions in other FRSs that have become operative from 1 January 2005. However, they did not have a significant effect on the financial statements.

- (b) Changes arising from the early adoption of Amendments to FRS 19 (revised) – Employee Benefits:

The adoption of FRS 19 (revised) has resulted in the Group recognising the actuarial gains and losses of its defined benefit plans outside the profit and loss account (i.e. directly in equity). Previously, actuarial gains or losses were recognised in the profit and loss account over the expected average remaining working lives of the employees participating in the plans.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

(c) Property, Plant & Equipment

In prior years, the Group and the Company stated their hotel properties at cost or subsequent revaluation less accumulated depreciation and impairment losses. With effect from 1 January 2005, in line with the change in accounting policy of its hotel subsidiary, Millennium and Copthorne Hotels plc ("M&C"), the hotel properties of the Group and the Company changed their accounting policy to state their hotel properties at cost less depreciation and impairment losses.

In addition, the Group reclassified upfront premiums made in respect of long leasehold land of hotel properties where land title is not anticipated to pass to the Group under the terms of the lease from property, plant and equipment to prepayments. In prior years, such payments were stated at cost less residual value depreciated over the shorter of the lease period and economic useful life. With effect from 1 January 2005, such premiums made are accounted for as prepayments and amortised over the lease term on a straight-line basis.

The financial effects of the adoption of these changes on accumulated profit and other reserves are set out in item 1(d)(i). The change in policy did not have a significant effect on the profit for the current year.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Except for those required by the adoption of new/revised FRSs and these stated in item 4 above, there was no other changes in the accounting policies and methods of computation.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Full Year Ended 31 December	
	2005	2004 (restated)
Basic Earnings per share (cents)	21.1	25.3
Diluted Earnings per share (cents)	20.8	25.0
Earnings per share is calculated based on :		
a) Profit attributable to equity holders of the parent (S\$'000) (*)	187,493	219,881
b) Weighted average number of ordinary shares in issue :		
- basic	886,896,101	868,227,689
- diluted (**)	901,242,350	880,847,865

* After deducting preference dividends of \$12,904,000 declared or paid in 2005 (2004:\$7,248,000).

**For computation of diluted earnings per share, the weighted average number of ordinary shares will be adjusted for the dilutive effect of potential ordinary shares arising from the exercise of all outstanding bonus warrants and conversion of all preference shares.
For the years ended 31.12.2005 and 31.12.2004, the preference shares were anti-dilutive and therefore were excluded in the calculation of diluted earnings per share.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31/12/2005	31/12/2004 (restated)	31/12/2005	31/12/2004 (restated)
	S\$	S\$	S\$	S\$
Net Asset Value per ordinary share based on issued share capital of 888,801,058 ordinary shares as at 31 December 2005 (871,994,508 ordinary shares as at 31 December 2004).	5.12	4.99	4.23	4.20

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Local Industry Review

The economy grew strongly by 6.4% in 2005, above earlier expectation of 3 to 5% and unemployment rate fell to a record low of 2.5%, its lowest in four years.

The property market performed well in 2005. Private residential property prices increased by 3.9%. The high-end luxury market segment led the price recovery with very strong performance, particularly for niche projects. Significantly, transaction volumes increased by 55% from 5,800 units in 2004 to 9,000 units. In Q4, HDB Resale Price Index also registered some improvement.

The office sector has also done well. Office values increased by 4.5% while rental improved significantly by 12.7%. Meanwhile, average occupancy also improved by 3.2%. The retail sector, likewise, had done well.

Group Performance

For the year ended 31 December 2005, excluding the Group's share of revenue from jointly-controlled entities which has not been consolidated, Group revenue amounted to \$2,374.3 million (restated 2004: \$2,380.1 million). Profit from operations increased by 24% to \$497.7 million (restated 2004: \$400.4 million). After accounting for lower finance costs incurred in the year, the Group's profit before share of results of associates & jointly-controlled entities increased by 56% to \$345.2 million (restated 2004: \$222.1 million).

Pre-tax profit of \$403.9 million (restated 2004: \$502.6 million) was achieved whilst profit after tax and minority interests amounted to \$200.4 million (restated 2004: \$227.1 million). Higher profits were achieved in year 2004 mainly on account of greater profit contributions from jointly-controlled entities arising primarily from the sale of The Plaza, New York.

Although the Financial Reporting Standard (FRS) allows the option for investment properties to be stated either at depreciated cost or at valuation, the Group has continued to be the only listed Singapore property company that has adopted a conservative accounting policy of depreciating its investment properties.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

During the year, the Group also reduced its borrowings by 10% to \$3.60 billion (2004: \$4.02 billion).

In view of the good operational results and the expected strong cash flow of the Group, the Board recommends the payment of an additional special ordinary dividend of 5 cents per share, in addition to the normal ordinary dividend of 7.5 cents per share.

Property

2005 was an active year for the Group. The Group sealed its leadership position as the top seller of private residential property for 2005. It sold almost 2,100 residential property units, which is equivalent to the market share of over 23%. This remarkable achievement represents a 108% increase compared to the Group's property sales in 2004. For 2005, the Group's property sales value amounted to S\$1.66 billion.

City Square Residences, the 910-unit condominium, located at the junction of Serangoon and Kitchener Roads, which was launched in April 2005 with overwhelming response, is now 90% sold.

The most spectacular launch of the year was the 430-unit Tower 2 of The Sail @ Marina Bay. Launched in late October 2005, over 400 units were snapped up within one week. The project is now almost fully sold, with only 3 units remaining.

The 295-unit Parc Emily, which is located in the quiet enclave of Mount Emily Park in downtown District 9 also contributed to the sales. This development, in which the Group has a 50% share, was also well received. To-date, 89% of the project has been sold.

The sales of The Sail @ Marina Bay and City Square Residences were overwhelming. However, these high-rise developments, especially The Sail @ Marina Bay, are still in the preliminary construction stage as they require specialised deep foundation engineering and construction works. Thus, in accordance with the accounting policy of recognising profit based on progressive stages of construction, only a relatively small percentage of profit has been recognised in 2005 for these two developments. As the construction progresses, more profits will be recognised progressively from the current year.

During the year, profits were also realised from existing projects such as Savannah CondoPark, The Pier at Robertson, The Esparis and Monterey Park.

The office market has fared well with improving occupancy and rental rates. The office portfolio in the Group now enjoys occupancy of over 90%. Rental rates will be adjusted upwards in line with the market trend when existing leases are due for renewal.

Meanwhile, leasing of The Exchange Tower in Bangkok is progressing well with strong interests from numerous prospective tenants. This Grade A office tower and a modern retail mall, offers approximately 455,000 sq. ft. of lettable area.

The proposed sale of the portfolio of 11 properties to Suntec REIT was not proceeded with as reported in our Q3 results announcement. The Group has reserved the right to take legal action on the matter.

In December 2005, the Group announced that it had entered into a memorandum of understanding with Las Vegas Sands Corp. ("Sands"), to take a 15% equity stake in relation to the bid for the Integrated Resort (IR) in Marina Bay. Subsequently, upon clarification on some of the regulatory requirements, the Group, with the agreement of Sands, decided not to participate, but will continue to provide expertise and counsel on the non-gaming aspects of Sands' proposal, particularly in those areas relating to design, development and construction planning.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The IR is an exciting opportunity to help transform Singapore's new downtown cityscape. With over 40 years of experience in the local market, the Group remains committed to value-add to Sands' proposal and develop an IR concept that has strong tourism appeal and will dynamically transform this city.

As a property developer and owner of an extensive portfolio of properties and land bank, the Group will definitely benefit from the spin-offs from the IR. In addition, the Group's hotels in Singapore will also be able to capitalise on the increase in tourism.

Hotel

In 2005, Millennium & Copthorne Hotels plc (M&C), in which the Group has 52% interest, delivered strong growth in profitability. Backed by an improving trading environment, all regions experienced RevPAR growth with improvements in each quarter.

M&C reported that its profit before tax excluding other operating income and impairment increased by 45% to £74.0m (2004 restated: £51.2m). Profit after tax and minority interests increased by 20% to £61.1m (2004 restated: £50.9 m).

The positive results achieved are due to M&C's focus on optimising operational efficiency and sustained operational excellence. It also benefited from its twin strategy of being an integrated owner and operator of international hotel assets, across a balanced geographical portfolio. Leveraging on its real estate expertise and resources, M&C maximised value from its disposal of selected real estate assets, redevelopment opportunities and in addition, announced ten new management and franchise contracts for the year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the year under review is in line with its expectations as disclosed in the announcement of results for nine months ended 30 September 2005.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Property

The economy is expected to continue to perform well with GDP forecast to grow by between 4% and 6%.

The residential property market, especially the high-end niche sector, is expected to continue its upward trend. Property consultants are forecasting that average prices of residential properties will grow by 10% this year.

With the phenomenal success of The Sail @ Marina Bay, the Group has carved a niche for itself as a developer of high-end luxury residential projects. The Group is poised to enhance this position and establish itself as the market leader by launching another two signature upmarket projects in the first half of 2006.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The first is the branded super luxurious 173-unit St. Regis Residences located at Tanglin/Tomlinson Road. Demand is expected to be good as we already have a long waiting list of eager potential purchasers. This development will redefine the benchmark for luxurious living and hospitality in Singapore.

The second project is the proposed residential development at Sentosa Cove, which was won through a successful tender based on outstanding design. With its strategic location at the gateway to the marina basin and standing at the maximum permissible height of 15 storeys, this will be the tallest residential development in Sentosa. With unobstructed view of the sea, the launch of this 264-unit waterfront development is eagerly anticipated and there is growing waiting list of potential buyers.

Slated for launch are another two freehold projects. Firstly, the 175-unit King's Centre Plot 3 located next to Grand Copthorne Waterfront and facing the charming Singapore River. The second property is the 208-unit Residences @ Evelyn, a 50% joint venture project.

The Group is also planning for the redevelopment of No. 1 Shenton Way (formerly known as Robina House) which will become the Group's latest proposed jewel in the city. This proposed 50-storey development will comprise about 360 residential apartments and will have a retail component on the ground floor. The stunning twin-tower, high-end luxury development next to Marina Bay, will be a distinctive addition to the city's skyline.

The Group has recently acquired a 30,368 sq ft site at Shelford Road, through an enbloc sale tender exercise, for \$19 million. It will be amalgamated with a larger neighbouring plot already owned by the Group for redevelopment.

Development of the exciting 721,000 sq. ft. City Square Mall is progressing well and construction is expected to begin this year. This proposed development has attracted much interest from retailers and is set to be the flagship retail mall for the Group.

On the overseas front, the Group is preparing to launch two residential developments later in the year. They include a freehold 600-unit luxury residential condominium in Thailand, located in a prime residential land parcel in Sukhumvit, Central Bangkok, and a 132-unit freehold residential project in Kuala Lumpur, adjoining to our Regent Hotel.

While some real estate companies may be expanding overseas and relying more on overseas revenue, the Group's strategy is to remain the proxy to the real estate market in Singapore. Singapore's property market has been down for almost 7 years and recovery has been slow compared to other countries in the region. However, we are now beginning to see the recovery of the domestic market. With over 40 years of experience in property development and investment, the Group has harnessed a reputation of understanding the local market very well. The Group will exploit its years of experience and capitalise on all opportunities in the market it knows best. With its significant land bank and other classes of real estate assets, the Group can now maximise its real estate potential and utilise these by extracting value from this upswing trend.

In addition to its overseas portfolio through M&C, the Group will continue to embrace overseas ventures and investments that complement its overall business strategy. It will strategically nurture new markets overseas and select the optimal time to enter, with the intent to maximise shareholder value.

Collective sales for land parcels have been aggressively pursued and some are substantially above the reserve list price, setting new benchmark prices. Consensus is that there is a continuous uptrend. The Group will continue to source for suitable land replenishment only at appropriate prices.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The office market is expected to continue with its upward momentum. With very limited new supply coming onto the market over the next 3 years and with improving business conditions, rental occupancy rates are slated for further improvement. Market experts projected that office rentals will improve by 15 to 20% this year.

The Group is mindful of the recent tax incentives and the enhancements to the regulatory framework for REIT vehicle(s) in Singapore. With the improving rental rates for the office market and the growing appetite for REIT offerings, the Group will re-evaluate the merits and feasibility of various REIT transactions involving our existing asset portfolio through the listing of new REIT vehicle(s) and other REIT related transactions. The Group places no time frame on this decision and will consider all options and decide in due course.

Hotel

The Group remains committed to continue its established ability to combine its operating and real estate strengths, to carve its competitive edge.

These strategies helped to manage M&C's real estate assets efficiently, exploiting their potentials and to unlock medium to long-term value to ensure superior value creation.

Group Prospects

The Group expects to continue to remain profitable over the next 12 months.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

The Company had paid the following non-cumulative preference dividends to holders of City Developments Limited Non-redeemable Convertible Non-cumulative Preference Shares of \$0.05 each ("Preference Shares"):

Name of Dividend	Preference Dividend	
Date of payment	30 June 2005	3 January 2006
Dividend Type	Cash	Cash
Dividend Amount per Preference Share (in cents) ^	1.93 cents (net)	1.97 cents (net)
Dividend rate (in %)	3.9% (net) per annum on the issue price of each Preference Share	3.9% (net) per annum on the issue price of each Preference Share
Dividend period	From 31 December 2004 to 29 June 2005 (both dates inclusive)	From 30 June 2005 to 30 December 2005 (both dates inclusive)
Par value of Preference Shares	\$0.05 per Preference Share	\$0.05 per Preference Share
Issue price of Preference Shares	\$1.00 per Preference Share	\$1.00 per Preference Share
Tax rate	20%	20%

^ Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% (net) per annum of the issue price of \$1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 26 April 2006, the following Ordinary dividends have been proposed:

Name of Dividend	Proposed First & Final	Proposed Special
Dividend Type	Cash	Cash
Dividend Amount per Ordinary Share (in cents)	7.5 cents per share	5 cents per share
Dividend rate (in %)	15% per share (less tax)	10% per share (less tax)
Par Value of Ordinary Shares*	\$0.50 per share	\$0.50 per share
Tax rate	20%	20%

* Par value of ordinary share was abolished on 30 January 2006.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Preference Dividend	First & Final Ordinary Dividend
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	2.19 cents (net) per Preference Share	7.5 cents per Ordinary Share
Dividend rate (in %)	3.9% (net) per annum on the issue price of each Preference Share	15% per Ordinary Share (less tax)
Dividend period	From 9 June 2004 to 30 December 2004 (both dates inclusive)	-
Par value of Shares	\$0.05 per Preference Share	\$0.50 per Ordinary Share
Issue price of Shares	\$1.00 per Preference share	-
Tax rate	20%	20%

(c) Date payable

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 26 April 2006, the proposed first and final ordinary dividend and special ordinary dividend for 2005 will be payable on 19 May 2006.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that subject to the ordinary shareholders' approval of the payment of a first and final ordinary dividend of 7.5 cents per ordinary share and a special ordinary dividend of 5.0 cents per ordinary share less 20% Singapore income tax in respect of the financial year ended 31 December 2005 at the Annual General Meeting to be held on 26 April 2006, the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 5 May 2006. Duly completed registrable transfers received by the Company's Registrar, M&C Services Private Limited of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 4 May 2006 will be registered to determine ordinary shareholders' entitlement to the dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said first and final ordinary dividend and special ordinary dividend will be paid by the Company to CDP who will distribute the dividends to the holders of the securities accounts.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year .**

By Business Segments

	<-----The Group----->			
	Revenue		Profit before tax (*)	
	2005	2004	2005	2004 (restated)
<u>Revenue</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Property Development	365,045	489,242	151,227	76,954
Hotel Operations	1,803,256	1,670,612	213,003	334,719
Rental Properties	160,072	175,058	27,566	64,952
Others	45,906	45,185	12,066	26,014
	<u>2,374,279</u>	<u>2,380,097</u>	<u>403,862</u>	<u>502,639</u>

* includes share of after-tax profit of associates and jointly-controlled entities.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Property Development

Whilst revenue decreased by \$124.2 million to \$365.0 million in the year 2005 (2004: \$489.2 million), pre-tax profit contribution from this sector increased significantly by \$74.2 million to \$151.2 million (restated 2004: 77.0 million). The decrease in revenue is mainly due to completion of various development projects in 2004, namely Goldenhill Park Condominium, Changi Rise and Nuovo EC. In accordance to the Group's policy of equity accounting for its share of results of associates and jointly-controlled entities, revenue from The Sail @ Marina Bay has not been consolidated into the Group's revenue for 2005.

The higher pre-tax profit is primarily attributable to contributions from new projects launched in the year, namely City Square Residences and The Sail @ Marina Bay, and higher contributions from Edelweiss Park. The sale of Bayswater Tower, Kingsgate Shopping Centre and Kingsgate Commercial Centre in Sydney also contributed additional profit to this segment.

Hotel Operations

Revenue improved by \$132.7 million (or 8%) to \$1,803.3 million (2004: \$1,670.6 million). Pre-tax profit decreased by \$121.7 million to \$213 million (restated 2004: \$334.7 million). The increase in revenue is mainly due to improvement in REVPAR in all regions during the year. Higher profit achieved in 2004 is mainly due to profit derived from the sale of The Plaza, New York.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Rental Properties

Revenue decreased by 9% to \$160.1 million (2004: \$175.1 million) mainly due to lower rental income following the disposal of Birkenhead Shopping Centre and Marina in Q4 2004. Pre-tax profit fell to \$27.6 million (restated 2004: \$65.0 million). The figure for 2004 includes profit arising from the sale of Birkenhead Shopping Centre and Marina. In 2005, profit was recognised for the sale of MyeongDong Central Building in Seoul which was held by a jointly-controlled entity.

Others

Revenue comprises mainly income from hotel management, building maintenance contracts, project management, club operations and dividend income.

Revenue for the year remained relatively unchanged at \$45.9 million (2004: \$45.2 million) whilst pre-tax profit fell to \$12.1 million (restated 2004: \$26.0 million). Higher profit achieved in 2004 was mainly due to profit recognised for the Group's disposal of its effective interest in Amarin Plaza Public Company Limited.

15. A breakdown of sales.

	<-----The Group----->					
	2005			2004		
	1H	2H	Total	1H	2H (restated)	Total (restated)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales	1,102,908	1,271,371	2,374,279	1,178,923	1,201,174	2,380,097
Operating profit after tax before deducting minority interests	107,349	201,773	309,122	115,772	278,450	394,222

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Net Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Full Year 2005 \$'000	Full Year 2004 \$'000
Ordinary	88,880	52,786
Preference	12,904	7,248
Total	101,784	60,034

The first and final ordinary dividend and special ordinary dividend for the year ended 31 December 2005 is subject to the approval of ordinary shareholders at the forthcoming Annual General Meeting and the dividend amounts are based on the number of issued ordinary shares as at 31 December 2005. The actual dividend payable can only be determined on the Books Closure Date.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

17. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in FY2005 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	Property-related: <i>(leases, project management, property management and maintenance, marketing and accounting and administrative services)</i>	\$2,399,520
	Financial and Treasury-related : <i>(inter-company loans)</i>	\$489,994
	Total	\$2,889,514
Directors and their immediate family members		Nil

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
28 February 2006