



CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2015

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 Second quarter ended 30 June			The Group Half year ended 30 June		
	2015 S\$'000	2014 S\$'000	Incr/ (Decr) %	2015 S\$'000	2014 S\$'000	Incr/ (Decr) %
Revenue	824,935	861,149	(4.2)	1,639,874	1,595,387	2.8
Cost of sales	(415,833)	(439,715)	(5.4)	(860,237)	(819,133)	5.0
Gross profit	409,102	421,434	(2.9)	779,637	776,254	0.4
Other operating income ⁽²⁾	6,457	930	594.3	7,295	2,156	238.4
Administrative expenses ⁽³⁾	(128,075)	(128,208)	(0.1)	(256,145)	(240,796)	6.4
Other operating expenses ⁽⁴⁾	(97,438)	(92,621)	5.2	(195,223)	(177,269)	10.1
Profit from operations	190,046	201,535	(5.7)	335,564	360,345	(6.9)
Finance income ⁽⁵⁾	18,078	11,885	52.1	29,682	20,494	44.8
Finance costs ⁽⁶⁾	(32,160)	(26,555)	21.1	(62,814)	(53,380)	17.7
Net finance costs	(14,082)	(14,670)	(4.0)	(33,132)	(32,886)	0.7
Share of after-tax profit/(loss) of associates ⁽⁷⁾	2,638	(3,442)	NM	6,351	(4,696)	NM
Share of after-tax profit of joint ventures ⁽⁸⁾	12,280	12,540	(2.1)	50,763	29,950	69.5
Profit before income tax ⁽¹⁾	190,882	195,963	(2.6)	359,546	352,713	1.9
Income tax expense ⁽⁹⁾	(26,234)	(19,510)	34.5	(50,868)	(33,869)	50.2
Profit for the period	164,648	176,453	(6.7)	308,678	318,844	(3.2)
Attributable to:						
Owners of the Company	133,491	137,863	(3.2)	256,520	257,528	(0.4)
Non-controlling interests	31,157	38,590	(19.3)	52,158	61,316	(14.9)
Profit for the period	164,648	176,453	(6.7)	308,678	318,844	(3.2)
Earnings per share						
- basic	14.0 cents	14.5 cents	(3.4)	27.5 cents	27.6 cents	(0.4)
- diluted	14.0 cents	14.4 cents	(2.8)	26.9 cents	27.0 cents	(0.4)

NM: Not Meaningful

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Notes to the Group's Income Statement:

- (1) Profit before income tax includes the following:

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Interest income	17,690	9,175	29,035	16,892
Gain on liquidation of investment in a subsidiary	-	-	483	-
Investment income	2,355	2,054	3,639	2,276
Profit/(Loss) on sale/realisation of investments, investment properties and property, plant and equipment (net)	3,834	(1)	3,844	100
Allowance written back/(made) for foreseeable losses on development properties	672	(64)	672	(64)
Depreciation and amortisation	(51,648)	(47,868)	(102,693)	(94,139)
Interest expenses	(29,708)	(25,286)	(57,613)	(46,956)
Net exchange gain/(loss)	8,215	679	7,557	(1,490)
Net change in fair value of financial assets held for trading	140	3,846	321	2,787
Impairment losses on loans to joint ventures (net)	(943)	(250)	(1,201)	(490)

- (2) Other operating income comprises mainly management fee, miscellaneous income and profit on sale of investments, investment properties and property, plant and equipment. This had increased by \$5.6 million to \$6.5 million (Q2 2014: \$0.9 million) for second quarter of 2015 (Q2 2015) and \$5.1 million to \$7.3 million (1H 2014: \$2.2 million) for first half of 2015 (1H 2015). The increases for Q2 2015 and 1H 2015 were primarily due to realisation of investments in a private real estate fund.
- (3) Administrative expenses comprise mainly depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses. This had remained relatively constant at \$128.1 million (Q2 2014: \$128.2 million) for Q2 2015 but increased by \$15.3 million to \$256.1 million (1H 2014: \$240.8 million) for 1H 2015. The increase in 1H 2015 was largely due to higher salaries and related expenses and depreciation arising from the acquisition of 5 hotels by the Group's subsidiaries in 2014. In addition, those hotels that were recently refurbished also contributed to the higher depreciation.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences, professional fees and impairment losses on loans to joint ventures. This had increased by \$4.8 million to \$97.4 million (Q2 2014: \$92.6 million) for Q2 2015 and \$17.9 million to \$195.2 million (1H 2014: \$177.3 million) for 1H 2015. The increase in 1H 2015 was due to higher professional fees and property tax and insurance incurred, coupled with increased other hotel operating expenses in tandem with the new hotels acquired last year. This was however partially offset by net exchange gains incurred in 1H 2015 vis-à-vis net exchange losses incurred in 1H 2014.
- (5) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had increased by \$6.2 million and \$9.2 million for Q2 2015 and 1H 2015 respectively. The increases for Q2 2015 and 1H 2015 were due to higher interest income earned.
- (6) Finance costs comprise mainly interest on borrowings, fair value loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings. This had increased by \$5.6 million and \$9.4 million for Q2 2015 and 1H 2015 respectively. The increases for Q2 2015 and 1H 2015 were due to higher interest expenses incurred on borrowings.

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- (7) Share of after-tax profit of associates of \$2.6 million (Q2 2014: share of after-tax loss of \$3.4 million) for Q2 2015 and \$6.4 million (1H 2014: share of after-tax loss of \$4.7 million) for 1H 2015 relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL). The positive contributions were largely due to recognition of revenue by FSGL from its sale of residential and commercial units of Millennium Waterfront project in 1H 2015 in which hand over to purchasers commenced from December 2014, higher rental income due to contribution from an office building and 2 hotels located in Amsterdam which FSGL acquired in February 2015 and June 2015 respectively, as well as its property financing business in China which generated higher interest income on secured entrusted loans granted to third parties due to a larger average loan portfolio in 1H 2015.
- (8) Share of after-tax profit of joint ventures remained relatively constant at \$12.3 million (Q2 2014: \$12.5 million) for Q2 2015 but increased by \$20.8 million to \$50.8 million (1H 2014: \$30.0 million) for 1H 2015. The increase for 1H 2015 was mainly due to profit recognition from The Rainforest, an executive condominium (EC), which obtained Temporary Occupation Permit (TOP) in March 2015. Under prevailing accounting standards, profit for sale of EC is recognised in entirety only upon TOP obtained.
- (9) Income tax expense for the period 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.

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2015 S\$m	2014 S\$m	2015 S\$m	2014 S\$m
The tax charge relates to the following:				
Profit for the period	34.1	37.4	58.5	57.9
Overprovision in respect of prior periods	(7.9)	(17.9)	(7.6)	(24.0)
	<u>26.2</u>	<u>19.5</u>	<u>50.9</u>	<u>33.9</u>

The overall effective tax rate of the Group was 13.7% (Q2 2014: 10.0%) for Q2 2015 and 14.1% (1H 2014: 9.6%) for 1H 2015. Excluding the overprovision in respect of prior periods, the effective tax rate of the Group is 17.9% (Q2 2014: 19.1%) for Q2 2015 and 16.3% (1H 2014: 16.4%) for 1H 2015.

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1(b)(i) A statement of financial position (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 30.06.2015 S\$'000	As at 31.12.2014 S\$'000	As at 30.06.2015 S\$'000	As at 31.12.2014 S\$'000
Non-current assets					
Property, plant and equipment		4,964,587	4,918,273	9,519	10,138
Investment properties		3,064,745	3,109,176	496,687	502,405
Lease premium prepayment		119,529	119,170	-	-
Investments in subsidiaries		-	-	2,217,026	2,217,026
Investments in associates		317,451	307,390	-	-
Investments in joint ventures		867,088	821,088	37,360	36,360
Financial assets	(1)	64,347	76,460	27,962	28,419
Other non-current assets		20,797	19,646	463,089	461,766
		9,418,544	9,371,203	3,251,643	3,256,114
Current assets					
Lease premium prepayment		3,899	3,833	-	-
Development properties	(2)	4,920,341	4,792,947	454,252	363,279
Consumable stocks		10,226	11,181	-	1
Financial assets		36,135	35,232	-	-
Trade and other receivables		1,523,751	1,588,550	5,584,662	5,476,029
Cash and cash equivalents		3,690,490	3,897,574	2,145,468	2,118,494
		10,184,842	10,329,317	8,184,382	7,957,803
Total assets		19,603,386	19,700,520	11,436,025	11,213,917
Equity attributable to Owners of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		6,521,486	6,418,730	3,818,521	3,869,847
		8,512,883	8,410,127	5,809,918	5,861,244
Non-controlling interests		2,245,633	2,365,474	-	-
Total equity		10,758,516	10,775,601	5,809,918	5,861,244
Non-current liabilities					
Interest-bearing borrowings*		4,667,513	4,466,222	2,672,736	2,395,948
Employee benefits		32,793	31,071	-	-
Other liabilities		155,392	136,522	244,075	239,318
Provisions		16,911	16,930	-	-
Deferred tax liabilities		327,644	316,855	54,096	47,750
		5,200,253	4,967,600	2,970,907	2,683,016
Current liabilities					
Trade and other payables		1,450,646	1,469,971	1,728,224	1,770,727
Interest-bearing borrowings*		1,967,161	2,232,926	892,530	859,124
Employee benefits		20,831	20,024	2,390	2,971
Provision for taxation		173,198	193,905	32,056	36,835
Provisions		32,781	40,493	-	-
		3,644,617	3,957,319	2,655,200	2,669,657
Total liabilities		8,844,870	8,924,919	5,626,107	5,352,673
Total equity and liabilities		19,603,386	19,700,520	11,436,025	11,213,917

* These balances are stated at amortised cost after taking into consideration their related transaction costs.

Notes to the statement of financial position of the Group

- 1) The decrease was primarily due to the realisation of financial assets by Millennium & Copthorne plc, the Group's 63% owned subsidiary.
- 2) The increase was mainly due to the development expenditure incurred in 1H 2015 for The Palette, D'Nest, Coco Palms, Gramercy Park, The Brownstone and The Criterion.

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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. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

		As at 30.06.2015 S\$'000	As at 31.12.2014 S\$'000
<u>Unsecured</u>			
- repayable within one year		1,684,310	1,984,049
- repayable after one year		3,819,796	3,583,759
	(a)	<u>5,504,106</u>	<u>5,567,808</u>
<u>Secured</u>			
- repayable within one year		285,344	252,679
- repayable after one year		863,514	897,106
	(b)	<u>1,148,858</u>	<u>1,149,785</u>
Gross borrowings	(a) + (b)	6,652,964	6,717,593
Less: cash and cash equivalents as shown in the statement of financial position		<u>(3,690,490)</u>	<u>(3,897,574)</u>
Net borrowings		<u><u>2,962,474</u></u>	<u><u>2,820,019</u></u>

Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' hotels, investment and development properties;
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties;
- pledge of cash deposits;
- pledge of shares in a wholly-owned subsidiary; and
- a statutory lien on certain assets of a foreign subsidiary.

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

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Operating Activities				
Profit for the period	164,648	176,453	308,678	318,844
Adjustments for:				
Depreciation and amortisation	51,648	47,868	102,693	94,139
Dividend income	(2,355)	(2,054)	(3,639)	(2,276)
Equity settled share-based transactions	621	633	1,239	1,263
Finance costs	32,160	26,555	62,814	53,380
Finance income	(18,078)	(11,885)	(29,682)	(20,494)
Gain on liquidation of investment in a subsidiary	-	-	(483)	-
Impairment losses on loans to joint ventures	943	250	1,201	490
Income tax expense	26,234	19,510	50,868	33,869
Profit on realisation of investments	(3,786)	-	(3,786)	-
(Profit)/Loss on sale of property, plant and equipment and investment properties	(48)	1	(58)	(100)
Property, plant and equipment written off	57	-	114	-
Share of after-tax (profit)/loss of associates	(2,638)	3,442	(6,351)	4,696
Share of after-tax profit of joint ventures	(12,280)	(12,540)	(50,763)	(29,950)
Operating profit before working capital changes	237,126	248,233	432,845	453,861
Changes in working capital				
Development properties	53,087	(293,829)	(109,434)	(415,706)
Consumable stocks and trade and other receivables	49,729	4,993	76,701	(18,136)
Trade and other payables	(48,772)	98,973	(9,803)	131,420
Employee benefits	(3,147)	1,688	1,606	1,892
Cash generated from operations	288,023	60,058	391,915	153,331
Income tax paid	(52,306)	(58,636)	(66,927)	(48,715)
Cash flows from operating activities carried forward	235,717	1,422	324,988	104,616

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	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities brought forward	235,717	1,422	324,988	104,616
Investing Activities				
Acquisition of subsidiaries (net of cash acquired) ⁽¹⁾	(2,201)	-	(7,228)	-
Capital expenditure on investment properties	(4,380)	(2,875)	(12,659)	(14,279)
Dividends received				
- an associate	1,649	22	1,671	68
- financial investments	2,355	2,054	3,639	2,276
- joint ventures	140	3,432	2,772	7,786
Interest received	9,231	6,080	16,309	10,846
Decrease/(Increase) in investments in associates ⁽²⁾	29	(186)	29	(86,945)
Increase in intangible assets	-	(186)	-	(186)
Increase in investments in joint ventures	(7,566)	(1,160)	(11,774)	(1,160)
Increase in lease premium prepayment	(252)	-	(325)	-
Payments for purchase of property, plant and equipment ⁽³⁾	(48,165)	(406,796)	(80,811)	(571,904)
Proceeds from sale of property, plant and equipment	321	23	363	140
Disposal of/(Purchase of) and distribution of income from financial assets	10,159	(6,519)	12,889	(8,768)
Cash flows used in investing activities	(38,680)	(406,111)	(75,125)	(662,126)
Financing Activities				
Acquisition of non-controlling interests	(74,262)	(26,581)	(115,591)	(26,581)
Capital contribution by non-controlling interests	-	300	111	300
Decrease in deposits pledged to financial institutions	-	-	85,040	-
Disposal of interest in a subsidiary without loss of control	-	996	-	996
Dividends paid	(149,433)	(137,550)	(185,817)	(172,750)
Finance lease payments	(74)	(9)	(242)	(19)
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(32,453)	(29,964)	(73,665)	(58,284)
Net (repayments of)/proceeds from revolving credit facilities and short-term bank borrowings	(69,381)	443,503	(26,347)	600,196
Net (increase)/decrease in amounts owing by related parties	(331)	3,685	(1,280)	(3,272)
Payment of financing transaction costs	(947)	(1,520)	(4,750)	(5,371)
Payment on settlement of financial instruments	-	(12)	-	(1,170)
Proceeds from borrowings	292,755	367,577	321,795	452,594
Proceeds from issuance of bonds and notes	123,950	-	242,600	350,000
Repayment of bank borrowings	(13,406)	(247,100)	(334,759)	(279,792)
Repayment of bonds and notes	(220,449)	(90,000)	(270,449)	(145,000)
(Repayment of)/Increase in other long-term liabilities	(920)	382	(920)	349
Cash flows (used in)/from financing activities ⁽⁴⁾	(144,951)	283,707	(364,274)	712,196
Net increase/(decrease) in cash and cash equivalents	52,086	(120,982)	(114,411)	154,686

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	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Net increase/(decrease) in cash and cash equivalents brought forward	52,086	(120,982)	(114,411)	154,686
Cash and cash equivalents at beginning of the period	3,579,092	2,996,445	3,724,731	2,718,405
Effect of exchange rate changes on balances held in foreign currencies	(26,722)	(4,946)	(5,864)	(2,574)
Cash and cash equivalents at end of the period	3,604,456	2,870,517	3,604,456	2,870,517
Cash and cash equivalents comprise:-				
Cash and cash equivalents as shown in the statement of financial position	3,690,490	3,350,039	3,690,490	3,350,039
Less: Deposits pledged to a financial institution	(85,979)	-	(85,979)	-
Less: Bank overdrafts	(55)	(479,522)	(55)	(479,522)
	3,604,456	2,870,517	3,604,456	2,870,517

Notes to the statement of cash flows

- (1) The cash outflows for Q2 2015 and 1H 2015 relates to progressive payments made in relation to the acquisition of 2 Singapore entities by the Group in January 2015.
- (2) The net cash outflows for Q2 2014 and 1H 2014 relate to additional investments in First Sponsor Group Limited.
- (3) The cash outflows for Q2 2014 and 1H 2014 refer mainly to the acquisition of The Chelsea Harbour Hotel in Q1 2014 and the Novotel New York Times Square in Q2 2014.
- (4) The Group had net cash outflows from financing activities of \$145.0 million (Q2 2014: net cash inflows of \$283.7 million) for Q2 2015 and \$364.3 million (1H 2014: net cash inflows of \$712.2 million) for 1H 2015.

For Q2 2015, the cash outflow was due to lower net proceeds from borrowings of \$113.5 million (Q2 2014: \$474.0 million) in Q2 2015, higher dividend paid, coupled with increased payment arising from more shares of Millennium & Copthorne Hotels plc (M&C) being purchased by the Group.

For 1H 2015, the cash outflow was due to net repayment of borrowings of \$67.2 million vis-à-vis net proceeds from borrowings of \$978.0 million for 1H 2014 and higher dividend and interest paid. In addition, the purchase of shares in M&C and the acquisition of the remaining 38.7% interest in KIN Holdings Limited by Millennium & Copthorne Hotels New Zealand Limited, an indirect non-wholly owned subsidiary of the Group in Q1 2015 also attributed to the cash outflows in 1H 2015. This was however mitigated by the reduction in cash deposits pledged to financial institutions.

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1(d) Consolidated Statement of Comprehensive Income

	The Group			
	Second quarter ended		Half year ended	
	30 June		30 June	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the period	164,648	176,453	308,678	318,844
Other comprehensive income:				
<u>Item that will not be reclassified to profit or loss:</u>				
Defined benefit plan remeasurements	(266)	(368)	(384)	47
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Changes in fair value of available-for-sale equity investments	(884)	500	(877)	2,575
Effective portion of changes in fair value of cashflow hedges	350	(114)	114	(300)
Exchange differences on hedge of net investment in foreign entities	33,630	9,213	11,905	9,653
Exchange differences on monetary items forming part of net investments in foreign entities	(31,268)	(6,768)	(14,360)	(3,174)
Exchange differences realised on liquidation of an associate and a subsidiary reclassified to profit or loss	-	-	(606)	-
Share of other reserve movements of associates	-	26	-	(1,504)
Translation differences arising on consolidation of foreign entities	(114,476)	(17,762)	(21,922)	(4,713)
Other comprehensive income for the period, net of income tax	(112,914)	(15,273)	(26,130)	2,584
Total comprehensive income for the period	51,734	161,180	282,548	321,428
Attributable to:				
Owners of the Company	65,338	123,960	241,721	236,533
Non-controlling interests	(13,604)	37,220	40,827	84,895
Total comprehensive income for the period	51,734	161,180	282,548	321,428

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1(e)(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 Owners of the Company					Non-controlling Interests S\$m	Total Equity S\$m
	Share Capital S\$m	Cap. Res. S\$m	Other Res.* S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m		
At 1 January 2015	1,991.4	160.6	27.9	(324.2)	6,554.4	8,410.1	10,775.6
Profit for the period	-	-	-	-	123.0	123.0	144.0
<u>Other comprehensive income</u>							
Defined benefit plan measurements	-	-	-	-	(0.1)	(0.1)	(0.1)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(0.2)	(0.2)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(13.2)	-	(13.2)	(21.7)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	16.6	-	16.6	16.9
Exchange differences realised on liquidation of an associate and a subsidiary reclassified to profit or loss	-	-	-	(0.3)	-	(0.3)	(0.6)
Share of other reserve movement of associates	-	-	0.4	-	(0.4)	-	-
Translation differences arising on consolidation of foreign entities	-	-	-	50.4	-	50.4	92.5
Other comprehensive income for the period, net of income tax	-	-	0.4	53.5	(0.5)	53.4	86.8
Total comprehensive income for the period	-	-	0.4	53.5	122.5	176.4	230.8
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Capital contribution from non-controlling interests	-	-	-	-	-	0.1	0.1
Dividends paid to non-controlling interests	-	-	-	-	-	(36.4)	(36.4)
Share-based payment transactions	-	-	0.4	-	-	0.2	0.6
Total contributions by and distributions to owners	-	-	0.4	-	-	(36.1)	(35.7)
<u>Change in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries with non-controlling interests	-	(2.6)	-	-	-	3.1	0.5
Change of interests in subsidiaries without loss of control	-	(13.8)	-	4.5	(0.2)	(31.9)	(41.4)
Total change in ownership interests in subsidiaries	-	(16.4)	-	4.5	(0.2)	(28.8)	(40.9)
Total transactions with owners	-	(16.4)	0.4	4.5	(0.2)	(64.9)	(76.6)
At 31 March 2015	1,991.4	144.2	28.7	(266.2)	6,676.7	8,574.8	10,929.8
Profit for the period	-	-	-	-	133.5	133.5	164.6
<u>Other comprehensive income</u>							
Defined benefit plan remeasurements	-	-	-	-	(0.2)	(0.2)	(0.3)
Changes in fair value of available-for-sale equity investments	-	-	(0.9)	-	-	(0.9)	(0.9)
Effective portion of changes in fair value of cash flow hedges	-	-	0.1	-	-	0.1	0.4
Exchange differences on hedges of net investment in foreign entities	-	-	-	20.7	-	20.7	33.6
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(27.9)	-	(27.9)	(31.3)
Translation differences arising on consolidation of foreign entities	-	-	-	(60.0)	-	(60.0)	(114.4)
Other comprehensive income for the period, net of income tax	-	-	(0.8)	(67.2)	(0.2)	(68.2)	(112.9)
Total comprehensive income for the period	-	-	(0.8)	(67.2)	133.3	65.3	51.7
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid to owners of the Company	-	-	-	-	(115.5)	(115.5)	(115.5)
Dividends paid to non-controlling interests	-	-	-	-	-	(33.9)	(33.9)
Share-based payment transactions	-	-	0.4	-	-	0.2	0.6
Total contributions by and distributions to owners	-	-	0.4	-	(115.5)	(115.1)	(148.8)
<u>Changes in ownership interests in subsidiaries</u>							
Change of interests in subsidiaries without loss of control	-	(7.5)	-	(4.3)	(0.3)	(62.1)	(74.2)
Total change in ownership interests in subsidiaries	-	(7.5)	-	(4.3)	(0.3)	(62.1)	(74.2)
Total transactions with owners	-	(7.5)	0.4	(4.3)	(115.8)	(127.2)	(223.0)
At 30 June 2015	1,991.4	136.7	28.3	(337.7)	6,694.2	8,512.9	10,758.5

* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share of other reserve of associates and share option reserve.

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The Group	Attributable to Owners of the Company						Non-controlling Interests S\$m	Total Equity S\$m
	Share Capital S\$m	Cap. Res. S\$m	Other Res.* S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m	Total S\$m		
At 1 January 2014	1,991.4	157.1	14.3	(351.1)	5,919.8	7,731.5	2,484.4	10,215.9
Profit for the period	-	-	-	-	119.7	119.7	22.7	142.4
<u>Other comprehensive income</u>								
Defined benefit plan remeasurements	-	-	-	-	0.2	0.2	0.2	0.4
Changes in fair value of available-for-sale equity investments	-	-	2.0	-	-	2.0	-	2.0
Effective portion of changes in fair value of cash flow hedges	-	-	(0.1)	-	-	(0.1)	(0.1)	(0.2)
Exchange differences on hedges of net investment in foreign entities	-	-	-	0.2	-	0.2	0.2	0.4
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	2.5	-	2.5	1.1	3.6
Share of other reserve movement of associates	-	-	(0.7)	-	-	(0.7)	(0.8)	(1.5)
Translation differences arising on consolidation of foreign entities	-	-	-	(11.3)	-	(11.3)	24.4	13.1
Other comprehensive income for the period, net of income tax	-	-	1.2	(8.6)	0.2	(7.2)	25.0	17.8
Total comprehensive income for the period	-	-	1.2	(8.6)	119.9	112.5	47.7	160.2
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(35.2)	(35.2)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.2	0.6
Total contributions by and distributions to owners	-	-	0.4	-	-	0.4	(35.0)	(34.6)
<u>Change in ownership interests in subsidiaries</u>								
Change of interest in a subsidiary without loss of control	-	7.1	-	-	-	7.1	(7.1)	-
Total change in ownership interests in subsidiaries	-	7.1	-	-	-	7.1	(7.1)	-
Total transactions with owners	-	7.1	0.4	-	-	7.5	(42.1)	(34.6)
At 31 March 2014	1,991.4	164.2	15.9	(359.7)	6,039.7	7,851.5	2,490.0	10,341.5
Profit for the period	-	-	-	-	137.9	137.9	38.6	176.5
<u>Other comprehensive income</u>								
Defined benefit plan remeasurements	-	-	-	-	(0.3)	(0.3)	(0.1)	(0.4)
Changes in fair value of available-for-sale equity investments	-	-	0.5	-	-	0.5	-	0.5
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(0.1)	(0.1)
Exchange differences on hedges of net investment in foreign entities	-	-	-	5.5	-	5.5	3.7	9.2
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(5.9)	-	(5.9)	(0.8)	(6.7)
Translation differences arising on consolidation of foreign entities	-	-	-	(13.7)	-	(13.7)	(4.1)	(17.8)
Other comprehensive income for the period, net of income tax	-	-	0.5	(14.1)	(0.3)	(13.9)	(1.4)	(15.3)
Total comprehensive income for the period	-	-	0.5	(14.1)	137.6	124.0	37.2	161.2
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.3	0.3
Dividends paid to owners of the Company	-	-	-	-	(79.1)	(79.1)	-	(79.1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(58.4)	(58.4)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.3	0.7
Total contributions by and distributions to owners	-	-	0.4	-	(79.1)	(78.7)	(57.8)	(136.5)
<u>Changes in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	(3.2)	5.2	4.7	(17.8)	(11.1)	(14.6)	(25.7)
Total change in ownership interests in subsidiaries	-	(3.2)	5.2	4.7	(17.8)	(11.1)	(14.6)	(25.7)
Total transactions with owners	-	(3.2)	5.6	4.7	(96.9)	(89.8)	(72.4)	(162.2)
At 30 June 2014	1,991.4	161.0	22.0	(369.1)	6,080.4	7,885.7	2,454.8	10,340.5

* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share of other reserve of associates and share option reserve.

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The Company	Share Capital S\$m	Capital Reserve S\$m	Fair Value Reserve S\$m	Accumulated Profits S\$m	Total S\$m
At 1 January 2015	1,991.4	63.7	12.9	3,793.2	5,861.2
Profit for the period	-	-	-	46.4	46.4
<u>Other comprehensive income</u>					
Changes in fair value of available-for-sale equity investments	-	-	(0.3)	-	(0.3)
Other comprehensive income for the period, net of income tax	-	-	(0.3)	-	(0.3)
Total comprehensive income for the period	-	-	(0.3)	46.4	46.1
At 31 March 2015	1,991.4	63.7	12.6	3,839.6	5,907.3
Profit for the period	-	-	-	18.3	18.3
<u>Other comprehensive income</u>					
Changes in fair value of equity investments available for sale	-	-	(0.2)	-	(0.2)
Other comprehensive income for the period, net of income tax	-	-	(0.2)	-	(0.2)
Total comprehensive income for the period	-	-	(0.2)	18.3	18.1
Transaction with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Dividends paid to owners of the Company	-	-	-	(115.5)	(115.5)
Total contributions by and distributions to owners	-	-	-	(115.5)	(115.5)
Total transactions with owners	-	-	-	(115.5)	(115.5)
At 30 June 2015	1,991.4	63.7	12.4	3,742.4	5,809.9
At 1 January 2014	1,991.4	63.7	14.2	3,370.0	5,439.3
Profit for the period	-	-	-	27.2	27.2
<u>Other comprehensive income</u>					
Changes in fair value of available-for-sale equity investments	-	-	(0.1)	-	(0.1)
Other comprehensive income for the period, net of income tax	-	-	(0.1)	-	(0.1)
Total comprehensive income for the period	-	-	(0.1)	27.2	27.1
At 31 March 2014	1,991.4	63.7	14.1	3,397.2	5,466.4
Profit for the period	-	-	-	27.5	27.5
<u>Other comprehensive income</u>					
Changes in fair value of equity investments available for sale	-	-	-	-	-
Other comprehensive income for the period, net of income tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	27.5	27.5
Transaction with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Dividends paid to owners of the Company	-	-	-	(79.1)	(79.1)
Total contributions by and distributions to owners	-	-	-	(79.1)	(79.1)
Total transactions with owners	-	-	-	(79.1)	(79.1)
At 30 June 2014	1,991.4	63.7	14.1	3,345.6	5,414.8

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- 1(e)(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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, 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

There was no change in the Company's issued share capital during the three months ended 30 June 2015.

Preference share capital

There was no change in the Company's issued preference share capital during the three months ended 30 June 2015.

As at 30 June 2015, the maximum number of ordinary shares that may be issued upon full conversion of all of the non-redeemable convertible non-cumulative preference shares of the Company ("Preference Shares") at the sole option of the Company is 44,998,898 ordinary shares (30 June 2014: 44,998,898 ordinary shares).

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company did not hold any treasury shares as at 30 June 2015, 31 December 2014 and 30 June 2014.

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2015 and 31 December 2014 is 909,301,330.

The total number of issued Preference Shares as at 30 June 2015 and 31 December 2014 is 330,874,257.

- 1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2015.

- 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.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2014.

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.**

The Group adopted various new/revised Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRS) which took effect for financial year beginning on 1 January 2015.

Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*
Improvements to FRSs (January 2014)
Improvements to FRSs (February 2014)

The adoption of these new/revised FRS did not result in any significant impact on the financial statements of the Group.

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.**

	Second quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
Basic Earnings per share (cents)	14.0	14.5	27.5	27.6
Diluted Earnings per share (cents)	14.0	14.4	26.9	27.0
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S\$'000) (*)	127,092	131,464	250,121	251,129
b) Weighted average number of ordinary shares in issue:				
- basic	909,301,330	909,301,330	909,301,330	909,301,330
- diluted (**)	954,300,228	954,300,228	954,300,228	954,300,228

* After deducting preference dividends of \$6,399,000 paid in Q2 2015 (Q2 2014: \$6,399,000 paid).

** For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the conversion of all preference shares.

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

	The Group		The Company	
	30.06.2015 S\$	31.12.2014 S\$	30.06.2015 S\$	31.12.2014 S\$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 30 June 2015 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2014)	9.36	9.25	6.39	6.45

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.

Group Performance

For the second quarter (Q2 2015) and half year ended 30 June 2015 (1H 2015), the Group delivered a resilient performance despite strong prevailing headwinds, achieving attributable profit after tax and non-controlling interests of \$133.5 million and \$256.5 million respectively, which are in line with last year's corresponding periods. Basic earnings per share stood at 14.0 cents for Q2 2015 (Q2 2014: 14.5 cents) and at 27.5 cents for 1H 2015 (1H 2014: 27.6 cents).

The Group posted an increase of 2.8% in revenue to \$1,639.9 million in 1H 2015 (1H 2014: \$1,595.4 million), largely backed by revenue generated from Millennium & Copthorne Hotels plc (M&C)'s hotels acquired in 2014, and improved performance from M&C's refurbished hotels. However, this increase was partially offset by lower contribution from the property development segment. While ongoing projects such as Coco Palms, D'Nest, Jewel @ Buangkok and UP@Robertson Quay contributed higher revenues, 368 Thomson and Buckley Classique obtained their Temporary Occupation Permit (TOP) last year and hence, are no longer contributing to the revenue stream. In addition, H₂O Residences, which obtained TOP in May 2015, also contributed less revenue. In terms of pre-tax profits, despite reported lower profits, the property development business segment continued to be the largest contributor followed by hotel operations and rental properties segments.

Without factoring revaluation surpluses in investment properties, the Group's net gearing ratio as at 30 June 2015 was 28%, with interest cover at 10.5 times. The Group's balance sheet remained strong with over \$3.7 billion of cash and cash equivalents.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim ordinary dividend of 4.0 cents per ordinary share.

Property

Singapore's economy grew by 1.8% in Q2 2015 on a year-on-year basis, slower than the 2.8% achieved in Q1 2015. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 4.0% in Q2 2015, compared with the 4.1% growth in Q1 2015. The construction sector grew by 2.5% on a year-on-year basis in Q2 2015, compared to 1.1% in the previous quarter, supported by a pick-up in public sector construction works.

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Urban Redevelopment Authority (URA) data indicated that the Residential Property Price Index (PPI) decreased 0.9% from 145.5 points in Q1 2015 to 144.2 points in Q2 2015, almost similar to the 1.0% decrease in Q1 2015. Rentals of private residential properties declined 1.1% quarter-on-quarter in Q2 2015, moderating slightly versus the 1.7% drop in the last quarter.

In Q2 2015, developers sold 2,116 private residential units excluding Executive Condominiums (ECs). This is 61% more than the 1,311 units sold in Q1 2015 but 21% below Q2 2014 sales of 2,665 units.

The Group continued to sell its existing projects at a reasonable pace. To date, the 944-unit Coco Palms at Pasir Ris is about 86% sold, while the 616-unit Jewel @ Buangkok is about 88% sold.

In July, the Group launched The Brownstone – a joint venture 638-unit EC at Canberra Drive, right next to the upcoming Canberra MRT station which is already under construction. 195 units have already been sold, making The Brownstone to-date, the best-selling EC launched in 2015. Comprising eight blocks rising up to 12 storeys, this New York-inspired EC with its unique jetty balconies, offers an array of thematic recreational facilities and units with premium internal fit-outs. The Brownstone is being built using the innovative Prefabricated Prefinished Volumetric Construction (PPVC) method. The voluntary use of PPVC for this project is the first of its kind in Asia, and is likely the world's largest application for a large-scale residential development. To raise construction productivity, the labour-efficient PPVC method is increasingly being imposed as a requirement for selected Government Land Sales (GLS) sites.

During the quarter under review, the Group booked in profits from H₂O Residences, Jewel @ Buangkok and UP@Robertson Quay. Profits were also booked in from joint venture projects namely, HAUS@SERANGOON GARDEN, The Palette, D'Nest, Coco Palms, Echelon, The Inflora, Bartley Residences, Bartley Ridge and Commonwealth Towers.

Healthy sales of the balance units in the Malacca condominium project known as Ocean Palms also contributed to the Group's profits.

However, no profit was realised from the Group's fully-sold Lush Acres EC and its recently launched The Brownstone EC, as recognition of profits from ECs can only be realised upon TOP.

For the office sector, URA statistics showed that the overall price index improved slightly quarter-on-quarter by 0.3% in Q2 2015, a reversal from the 0.1% decline in Q1 2015. However, the overall rental index for office space dropped by 2.6% quarter-on-quarter in Q2 2015, compared with the 0.6% growth in Q1 2015.

The Group's office portfolio continued to enjoy high occupancy of 97.2%. The island-wide occupancy rate for office space as at end of Q2 2015 is 90.2% (Q1 2015: 89.8%).

South Beach

The construction of South Beach, the Group's joint venture mega mixed-use development, is progressing well. The South Beach, a 654-room hotel, will soft open this September. The South Beach will be an iconic addition to the Singapore skyline, with its distinctive and modern glass facade, combined with eco-friendly functionality, created by London-based architectural design firm Foster + Partners. Inside this Hotel of Design, every detail is curated and meticulously crafted by renowned French designer Philippe Starck and creative artists from around the world.

The second tower is the 34-storey South Beach Tower, which offers over 510,000 square feet (sq ft) of Grade A office space. To date, 90% of the leases have been secured, with another 6% confirmed, pending documentation. South Beach Consortium (SBC) is in advanced negotiations with potential tenants to take up the remaining 4%.

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South Beach Quarter, the 13,000 sq ft two-storey conservation block located at the corner of Beach Road and Middle Road, will soon house four exciting new-to-market F&B concepts. These include Vanity, an exciting multisensory cocktail bar; Vatos Urban Tacos, the first branch of the popular Korean-Mexican restaurant out of South Korea; The Armoury, a Gastropub with a unique assortment of craft beers, boutique wines and an all-day dining concept; as well as an exclusive “word-of-mouth only” nightclub. With these establishments expected to open in stages this September, South Beach Quarter is poised to be one of Singapore’s finest dining and nightlife destinations.

Dimbulah – an upmarket coffee outlet – is also opening in September. Situated next to South Beach Tower, it will provide the office tenants another venue for a cup of fine coffee.

The South Beach Club, located within the former Non-Commissioned Officers Club at 32 Beach Road, is targeted for launch in Q4 2015. This will be Singapore’s newest private membership club, offering unique experiences through exclusive access to a privileged lifestyle. The Club’s interior is tastefully furnished through a collaboration between Philippe Starck and other world-acclaimed designers. Comfortable social spaces accompanied by a host of fine dining concepts will provide the perfect backdrop for members to meet and engage socially.

South Beach Residences, comprising 190 luxury apartments is expected to be completed by Q2 2016. SBC will launch the Residences when market conditions are favourable.

Overseas Platforms

The Group has made good progress on its overseas real estate development projects.

China

CDL China Limited, a wholly-owned subsidiary of the Group, continues to push forward with its four China projects. Eling Residences, a 126-unit luxury development located at the peak of Eling Hill in Yuzhong district, Chongqing, has completed all structural works and the entire development is expected to be completed next year. The official site inspection by the authorities will commence soon and sales launch is anticipated in Q4 2015.

The Group’s other project in Chongqing is also located in Yuzhong district at a prime area called Huang Huayuan. This development will comprise three high-rise residential towers, a hotel and a retail mall. This site is located in the vicinity of several top schools in Chongqing and conveniently situated next to major public transportation, making the location extremely sought after. Due to the uncertain economic environment, the unit mix for this project is currently being revised and smaller units are contemplated – a change which would affect the building design. As such, the substructure works have been put on hold for the time being.

Suzhou Hong Leong City Center (HLCC) is a sizable mixed-use development next to Jinji Lake in Suzhou Industrial Park (SIP) district. Tower 1, a 462-unit residential tower and Tower 3, an 899-unit SOHO tower, both part of Phase 1, have obtained their respective sales permits and the structures have been topped off. While the project has not been officially launched, a decision was made to accept sales for Tower 1. As of 7 August 2015, 281 units have been sold with particularly strong momentum witnessed in June and July despite the overall muted sentiment in the luxury residential sector in China, making HLCC the top-selling luxury residential project in SIP in 2015. Now that Tower 1 has crossed the 50% mark in terms of units sold and there is less risk of cannibalization, the team will also start accepting sales for Tower 3. For Phase 2, the excavation and retaining wall works have progressed smoothly and were completed ahead of schedule in June 2015. Works on the basement are ongoing and will be completed by Q4 of this year. Phase 2 comprises a 362-unit residential block (Tower 2), a 286-room luxury hotel, a 56,000 square metre (sqm) shopping mall and a 30,000 sqm office tower.

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CDL China, having acquired Shanghai residential developer Jingwen Zhaoxiang Real Estate Limited (Jingwen) in December 2014, is now the owner of a 120-unit luxury residential development in Qingpu District's affluent residential corridor. 85 units remain unsold and the plan is to relaunch the project later this year. The project is undergoing a complete overhaul which includes major renovations and landscape enhancement. The clubhouse and common facilities are also being enhanced with new offerings. Three new show flats are being built in addition to the two existing ones and all will be ready by Q4 2015.

The Group is closely monitoring market conditions in China. While residential sales remain sluggish, there have been signs of increased buying activity in the past few months after the government lifted several cooling measures and similarly relaxed loan restrictions. To stimulate China's economy, the government has reduced the reserve-requirement ratio three times since February, which freed up a sizable amount of capital that the banks can then lend out. Subsequently, in May and then again in June, the government cut interest rates, representing four reductions since November last year. The Group remains confident in China's real estate market and is well positioned with its four projects to capitalise on the gradual recovery.

UK

The Group is making good progress on its six freehold sites in UK. In Central London, planning permissions have been successfully secured for some of its sites and the Group has commenced building works for three developments in Belgravia (31/35 Chesham Street), Knightsbridge (32 Hans Road) and Chelsea (90-100 Sydney Street), which will be released for sale closer to completion.

Planning on the Knightsbridge carpark (28 Pavilion Road) and Croydon (15 Lansdowne Road) schemes are edging closer to receiving approval. Market interest for the Group's UK properties has been encouraging. Ahead of the official launch for the 82-unit Reading residential project (202 Kings Road), 42 units out of the 49 units from the initial phased release have been reserved.

In terms of the macro-economy, the UK expanded by 0.7% in Q2 2015. Inflation is widely reported as zero but building cost inflation is closer to 5% per annum and remains a concern for the foreseeable future. Recent Stamp Duty increases on high-end properties have dampened sales, and the prospects of an increase in interest rates and a strengthening pound will bring new challenges and opportunities to the Group's UK platform. The development supply side continues to remain restricted by planning.

As earlier announced, the Group, through its indirect subsidiary Pinenorth Properties Limited, has entered into a conditional sale and purchase contract with Haymarket Group Properties Limited to acquire the Teddington Studios land site for £85 million (approximately \$184.8 million based on an exchange rate of S\$1 to £0.46). The Teddington Studios was where the Beatles performed their first British No. 1 hit song "Please Please Me". This prime freehold land parcel measures 18,211 sqm and is sited on the banks of the River Thames in south-west London. The acquisition is expected to be completed in Q4 2015. The revised scheme for the Teddington site was well received at the public consultation, and design improvements for the site are ongoing. The marketing of the residential units, comprising about 213 units, will begin once the improved scheme has been approved, due before the year end, while the official launch is planned for Spring 2016. Sales enquiries, even at this early stage, look promising.

Japan

The Japanese economy continued its gradual recovery in Q1 2015 as an increase in private consumption, housing investment and capital expenditure drove up real GDP by 1.0% quarter-on-quarter. Growth in nominal terms rose by 2.3% quarter-on-quarter, exceeding real growth and indicating that Japan is shifting towards an inflationary economy.

The Group is currently working with several architects and consultants to create the optimal design scheme for its expansive 16,815 sqm prime freehold site acquired last September in the Shirokane residential enclave in Tokyo's Minato ward. Due to the relative scale of the project and the complex planning regulations in Minato ward, the design must be carefully conceived in order to be compliant. The project team is closely engaging the municipality in consultative talks to achieve a design in harmony with Shirokane's high-end residential character.

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In view of the exclusive nature of the location as well as Shirokane's lush greenery and rich history, this site presents a compelling opportunity for the Group to harness these unique attributes and create a distinguished residential condominium while remaining true to the Group's environmental stewardship culture. The proposed development will also include the provision of a public park and open space to support the local community.

Hotel

M&C, in which the Group holds a 63.0% interest, reported a 21.7% increase in net profit after tax and non-controlling interests to £28 million for Q2 2015 (Q2 2014: £23 million) and a 20.0% increase to £36 million in 1H 2015 (1H 2014: £30 million). The main drivers behind this increase were higher contributions from joint ventures and associates, in particular First Sponsor Group Limited (FSGL) and the release of a legal provision following a lower than anticipated settlement, which offset M&C's central cost by £3 million.

For Q2 2015, revenue increased by 4.9% to £215 million (Q2 2014: £205 million) and by 6.3% to £404 million in 1H 2015 (1H 2014: £380 million), mainly as a result of additional income from new hotels acquired in 2014 and from hotel rooms returning to inventory following refurbishment. The favourable foreign exchange movements also led to the increase in M&C's reported currency results. In constant currency, M&C's revenue for 1H 2015 increased by 3.3% (1H 2014: £391 million). On a like-for-like basis, revenue increased by 0.5%.

In 1H 2015, global RevPAR grew by 4.0% to £68.28. In constant currency, it increased by 0.8% to £68.28 (1H 2014: £67.75), supported by contributions from recent acquisitions and improved performance in New Zealand, Europe and US. Trading conditions in key gateway cities were challenging, with London, New York and Singapore all registering lower RevPAR for the period, compared to the same time last year. Like-for-like global RevPAR fell by 3.3% to £65.24 in 1H 2015 (1H 2014: £67.46).

In Asia, RevPAR fell by 10.3% with decreases in both occupancy and average room rate. Singapore occupancy was stable around 86.3% but average room rates fell by 8.2% as a result of increased room supply and lower visitor numbers. The strong Singapore dollar, relative to other Asian currencies, has somewhat put a brake on the recovery of visitor numbers.

In the rest of Asia, the increase in hotel revenues reflected the normalisation impact of all guest rooms in the east wing of Grand Hyatt Taipei being opened in 1H 2015 following refurbishment last year. This masked the underlying performance in the region, with general softness in the market further impacted by the Middle East Respiratory Syndrome (MERS) outbreak in South Korea. Millennium Seoul Hilton registered double digit RevPAR falls. Additionally, competition in Taipei is becoming more intense with more local and international hotel groups entering the market.

As earlier reported, Urban Environmental Improvement (UEI) approval was granted for M&C's land in Seoul, South Korea to be used for lodging facilities in December 2014. Preparation for the next stage of authority submission to the Construction Deliberation Commission is in progress and expected to be submitted by end 2015. M&C expects work to commence next year.

In the US, M&C is considering a range of options for its freehold site occupied by the Millennium Hotel St Louis, which was closed in January 2014 to reduce its losses. Given the shortage of homes in this vicinity and also its prime location, redevelopment opportunities are being explored. For its 35,717 sqm freehold mixed-use landsite at Sunnyvale, California, M&C's vision is to create a new lifestyle concept for the community. A project team has been engaged and in June 2015, preliminary approval was obtained from the local authority to amend the current site plan in order to incorporate retail use and modify the previously approved hotel and residential uses.

There has been good progress made on hotel refurbishments in London, US, Asia and New Zealand. These include Millennium Bailey's Hotel London and the completion of work at Millennium Alaskan Hotel Anchorage, now re-branded as The Lakefront Anchorage.

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Additional projects under consideration include the refurbishment of Millennium Broadway Hotel New York. All projects are subject to relevant consents and phasing to minimise impact on earnings.

In Q2 2015, M&C opened the five-star Millennium Hotel & Convention Centre Kuwait, under management contract.

First Sponsor Group Limited

M&C's associate, Singapore-listed FSGL posted stellar performance in Q2 2015, backed by revenue growth from all three of its core businesses – property development, property holding and property financing. It is consistently selling its Millennium Waterfront project in Chengdu, amidst the current challenging China property market. It is expanding its portfolio outside of China with the acquisition of two properties in Amsterdam, the Netherlands – Zuiderhof, an office building and Holiday Inn Arena Towers, comprising two hotels and the ancillary carpark lots in 1H 2015.

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 period under review is in line with its expectations as disclosed in the announcement of results for the first quarter ended 31 March 2015.

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 Ministry of Trade and Industry (MTI) has narrowed Singapore's GDP growth forecast for 2015 to between 2.0% and 2.5% from its previous projection of between 2.0% and 4.0%, due to several key downside risks in the external economic environment. While growth in advanced economies like the US is expected to pick up gradually, the outlook of regional economies has generally softened.

In China, the devaluation of the yuan has prompted reactions in various stock markets, and may affect sentiments in the short-term. However, the Group has observed that in select cities in China, the real estate market appears to be stabilising with increased buyer demand. In the Eurozone, while the financial bailout deal for Greece has been reached and will offer some respite, there is still continuing political uncertainty.

According to the International Monetary Fund's (IMF) latest economic assessment, Singapore's economy continues to perform well, enjoying high employment and low inflation. Singapore's financial markets have proven resilient to the volatility associated with diverging global monetary conditions. These will help Singapore's growth to remain steady.

On the property front, URA data indicates that residential property prices in Singapore continued their downward moderation with prices declining by 0.9% in Q2 2015, the 7th consecutive quarter of decline. Prices have decreased by 6.7%, though anecdotal evidence points to a larger decline of up to 20% in the high-end segment since the peak in 2013.

The number of uncompleted units (2,099) launched in Q2 2015 was almost double that of Q1 2015 (1,189). Inventory with pre-requisite for sale has declined slightly from 19,359 units in Q1 2015 to 18,261 units in Q2 2015, representing a 5.7% decrease quarter-on-quarter. This is due to a higher take-up rate in Q2 2015.

The interest rate environment looks to be trending unfavourably for the market as interest rates are poised to rise in the near-term. Demand in the residential market is expected to be affected by any potential rise in mortgage cost. Residential prices and sales volumes are expected to continue to be challenging in the near-term.

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Despite the market challenges, there has been strong interest in selected recent project launches which are competitively priced and with close proximity to public transport and amenities. The Group's Brownstone EC is one of them.

In view of the positive launch of The Brownstone EC, the Group is planning to launch another EC project at Yishun in Q4 2015. Named The Criterion, this 505-unit EC comprises 10 blocks of 13-storey towers, offering a range of two to five-bedroom apartments and penthouses. Selected apartments will enjoy scenic views of the Orchid Country Club golf course and Seletar Reservoir. Flexi-unit options are available to provide multiple room selections for potential buyers according to their lifestyle. The Criterion EC is near the well-developed and mature neighbourhoods of Yishun and Woodlands which provide a range of business, leisure, shopping and dining amenities as well as excellent transport infrastructure.

In view of the challenging conditions in the luxury segment, the Group is monitoring carefully the launch timing of its 174-unit Gramercy Park. This luxurious freehold development is located in the prime district 10, within a 10 minute walk to Orchard Road. With distinctive architecture and interesting facilities, well-appointed interiors and furnishings, the project is attracting encouraging indicative interests, including enbloc buyers.

In terms of office space, property consultancies are expecting the supply to remain tight through 2015 till late 2016 due to limited completion of office space coming on stream. However, the growth of office rent is expected to slow down as demand is moderated.

Singapore has been ranked as one of the top competitive economies globally. Clearly, the city remains an attractive place to do business due to its attractive corporate tax rates, a transparent regulatory framework and an efficient and open economy. The status of Singapore as a key financial centre will ensure that medium-term prospects of the office market remain in good stead. The economic structure and the fundamental conditions of Singapore will continue to be attractive to both institutional investors and occupiers such as multinational firms and global institutions.

Hotel

M&C just announced on 7 August 2015 that it has, through subsidiary companies, agreed to acquire a long leasehold interest in the Hard Days Night Hotel in Liverpool for £13.8 million in cash, subject to standard purchase price adjustments. The Beatles-inspired hotel, which contains 110 guest rooms and suites, is located within the popular Cavern Quarter of the city. Over 113 years remain in the lease with Liverpool City Council. Completion of this acquisition is expected on or before 19 August 2015.

In the short-term, M&C sees continuing pressure in its key hospitality markets with economic uncertainty in Asia, the Middle East and the Eurozone affecting business and leisure travel plans.

In the long-term, M&C will continue to leverage on its strategy of being both a hotel owner and operator. The repositioning of key hotel assets through the on-going global refurbishment programme is designed to lift its earnings.

Group Prospects

In the near-term, the operating environment in Singapore is expected to stay challenging. Global outlook remains uncertain.

The Group will leverage on its strong balance sheet and focus on seeking out and creating its own opportunities, which it can capitalise upon, while continuing to maintain firm discipline in its investment approach to land and property acquisitions in Singapore and abroad. It is also actively pursuing its unlisted funds management business, though the Group is deliberately adopting a highly selective approach to nurture this new platform, which will take time to develop.

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The real estate development platforms which the Group has established in new markets are swiftly taking shape. In the rest of the year, the Group is planning to launch some of its residential projects in UK and China, and expects to reap the benefits of its investment strategy.

The Group expects its diversification strategy to gather momentum and prominence in the next few years. It expects to remain profitable for the current year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

The Company had on 13 May 2015 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of 1.93 cents per Preference Share, calculated at the dividend rate of 3.9% per annum of the issued price of \$1.00 for each Preference Share, for the dividend period from 31 December 2014 to 29 June 2015. The said preference dividend was paid on 30 June 2015.

On 12 August 2015, the Board of Directors declared a tax-exempt (one-tier) special interim ordinary dividend of 4.0 cents per ordinary share.

(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	Tax exempt (One-tier) Special Interim Ordinary Dividend	Tax exempt (One-tier) Preference Dividend
Date of payment	10 September 2014	30 June 2014
Dividend type	Cash	Cash
Dividend amount (in cents)	4.0 cents per Ordinary Share	1.93 cents per Preference Share [^]
Dividend rate (in %)	N.A.	3.9% per annum on the issue price of each Preference Share
Dividend period	N.A.	From 31 December 2013 to 29 June 2014 (both dates inclusive)
Issue price	N.A.	\$1.00 per Preference Share

[^] Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% 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.

(c) Date payable

The payment date for tax-exempt (one-tier) special interim ordinary dividend will be 10 September 2015.

(d) Books Closure Date

5pm on 24 August 2015.

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

Not applicable.

13. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in the second quarter ended 30 June 2015 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	Nil
Directors and their immediate family members	Nil

14. Segment Reporting

By Business Segments

	The Group			
	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<u>Revenue</u>				
Property Development	268,849	327,027	567,415	584,369
Hotel Operations*	421,670	416,171	797,645	770,034
Rental Properties	100,016	91,819	199,204	186,875
Others	34,400	26,132	75,610	54,109
	824,935	861,149	1,639,874	1,595,387
<u>Profit/(Loss) before income tax**</u>				
Property Development	78,139	85,338	175,898	180,524
Hotel Operations	68,888	75,454	102,626	106,021
Rental Properties	34,288	33,142	71,212	70,623
Others	9,567	2,029	9,810	(4,455)
	190,882	195,963	359,546	352,713

* Revenue from hotel operations includes room revenue of \$517.9 million (1H 2014: \$494.4 million) for 1H 2015 from hotels that are owned by the Group.

** Includes share of after-tax profit/(loss) of associates and joint ventures.

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15. 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

Revenue decreased by \$58.2 million to \$268.8 million (Q2 2014: \$327.0 million) for Q2 2015 and \$17.0 million to \$567.4 million (1H 2014: \$584.4 million) for 1H 2015.

Pre-tax profits decreased by \$7.2 million to \$78.1 million (Q2 2014: \$85.3 million) for Q2 2015 and \$4.6 million to \$175.9 million (1H 2014: \$180.5 million) for 1H 2015.

Projects that contributed to both revenue and profit in 1H 2015 include Coco Palms, D'Nest, H₂O Residences, Jewel @ Buangkok, The Palette and UP@Robertson Quay. In accordance with the Group's policy of equity accounting for the results of its joint ventures, whilst revenue from joint venture developments such as Hedges Park, The Infloor, Bartley Residences, Bartley Ridge, The Rainforest, Echelon and Commonwealth Towers had not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments had been included in pre-tax profit.

The decreases in revenue for Q2 2015 and 1H 2015 were mainly due to absence of income from Buckley Classique which obtained Temporary Occupation Permit (TOP) in Q3 2014 and reduced contribution from H₂O Residences which obtained TOP in Q2 2015 and The Palette. The decreases were however partially offset by maiden contribution from Coco Palms together with higher contribution from UP@Robertson Quay and Jewel @ Buangkok. In addition, the completion of 368 Thomson in Q1 2014 also attributed to the decrease in 1H 2015 revenue though partially mitigated by higher contribution from D'Nest.

The decreases in pre-tax profits for Q2 2015 and 1H 2015 were in tandem with the decrease in revenue. The decrease in 1H 2015 pre-tax profit was however mitigated by the share of profit contribution from The Rainforest, a joint venture executive condominium, which profit was recognised in entirety when the project obtained TOP in Q1 2015.

Hotel Operations

Revenue for this segment remained relatively constant at \$421.7 million (Q2 2014: \$416.2 million) for Q2 2015 and increased by \$27.6 million to \$797.6 million (1H 2014: \$770.0 million) for 1H 2015.

The increase in 1H 2015 revenue was primarily due to contributions from the 5 hotels acquired in 2014 by the Group namely, The Chelsea Harbour Hotel, Novotel New York Times Square, Grand Hotel Palace Rome, Hotel MyStays Asakusabashi and Hotel MyStays Kamata, coupled with better performance from refurbished hotels as well as hotels in Australasia, particularly New Zealand which benefited from increased visitors from Asia and higher airline capacity into this country. This was however partially offset by reduced contribution from Singapore hotels as a result of increased room supply in the country, lower visitor number, strong Singapore dollar relative to other Asian currencies which affect the recovery of visitor number as well as absence of contribution from Cityview Place Holdings Pte. Ltd. which owns W Singapore – Sentosa Cove following the Group's loss of control in this subsidiary in December 2014.

Pre-tax profit remained relatively stable at \$68.9 million (Q2 2014: \$75.5 million) for Q2 2015 and \$102.6 million (1H 2014: \$106.0 million) for 1H 2015.

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Rental Properties

Revenue for this segment increased by \$8.2 million to \$100.0 million (Q2 2014: \$91.8 million) for Q2 2015 and \$12.3 million to \$199.2 million (1H 2014: \$186.9 million) for 1H 2015 respectively.

Pre-tax profit for this segment remained relatively steady at \$34.3 million (Q2 2014: \$33.1 million) for Q2 2015 and \$71.2 million (1H 2014: \$70.6 million) for 1H 2015.

The increases in revenue were due to rental income earned from Millennium Mitsui Garden Hotel Tokyo which opened last December 2014.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations as well as dividend income, increased by \$8.3 million to \$34.4 million (Q2 2014: \$26.1 million) for Q2 2015 and \$21.5 million to \$75.6 million (1H 2014: \$54.1 million) for 1H 2015 due to higher income from building maintenance contracts and project management.

This segment reported a higher pre-tax profit of \$9.6 million (Q2 2014: \$2.0 million) for Q2 2015 and a pre-tax profit of \$9.8 million (1H 2014: pre-tax loss of \$4.5 million) for 1H 2015. The increases for Q2 2015 and 1H 2015 were largely due to gains from realisation of investments in a private real estate fund in Q2 2015, no such gain in Q2 2014. In addition, the positive contribution from the Group's associate, First Sponsor Group Limited (FSGL) as compared to its loss-making position in 1H 2014 also attributed to the better performance for this segment. FSGL's turnaround was underpinned by its continued growth in the property financing business in China, in which higher interest income was generated on secured entrusted loans to third parties due to larger average loan portfolio in 1H 2015.

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

	Full Year 2014 S\$'000	Full Year 2013 S\$'000
Ordinary	72,744	72,744
Special	72,744	72,744
Preference	12,904	12,904
Total	158,392	158,392

The final tax-exempt (one-tier) ordinary dividend and special final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2014 of 8.0 cents and 4.0 cents respectively per ordinary share had been approved by the ordinary shareholders at the Annual General Meeting held on 22 April 2015 and the dividend amounts are based on the number of issued ordinary shares as at 20 May 2015.

17. A breakdown of sales and operating profit after tax for first half year and second half year.

Not applicable.

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
13 August 2015

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CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the second quarter and the half year ended 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Deputy Chairman

Singapore, 13 August 2015