CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

1(a)(i) 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 Fourth Quarter Ended 31 December		Incr/ (Decr)	The Group Full Year Ended 31 December		Incr/ (Decr)
	2017	2016		2017	2016	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	1,327,676	1,166,962	13.8	3,828,621	3,905,453	(2.0)
Cost of sales	(851,532)	(637,181)	33.6	(2,143,672)	(2,147,534)	(0.2)
Gross profit	476,144	529,781	(10.1)	1,684,949	1,757,919	(4.2)
Other operating income [(2)]	79,968	101,377	(21.1)	121,145	174,909	(30.7)
Administrative expenses	(142,064)	(141,771)	0.2	(529,703)	(536,033)	(1.2)
Other operating expenses [(3)]	(188,213)	(167,692)	12.2	(476,565)	(473,170)	0.7
Profit from operations	225,835	321,695	(29.8)	799,826	923,625	(13.4)
Finance income [(4)]	13,062	10,306	26.7	52,789	43,499	21.4
Finance costs [(5)]	(28,753)	(31,446)	(8.6)	(117,703)	(123,635)	(4.8)
Net finance costs	(15,691)	(21,140)	(25.8)	(64,914)	(80,136)	(19.0)
Share of after-tax profit of associates [(6)]	14,543	28,252	(48.5)	29,648	41,226	(28.1)
Share of after-tax profit of joint ventures [(7)]	14,458	2,693	436.9	15,886	29,274	(45.7)
Profit before tax [(1)]	239,145	331,500	(27.9)	780,446	913,989	(14.6)
Tax expense [(8)]	(20,093)	(63,754)	(68.5)	(105,486)	(151,430)	(30.3)
Profit for the period/year	219,052	267,746	(18.2)	674,960	762,559	(11.5)
Attributable to:						
Owners of the Company	**186,730**	**243,784**	(23.4)	**538,222**	**653,224**	(17.6)
Non-controlling interests	32,322	23,962	34.9	136,738	109,335	25.1
Profit for the period/year	219,052	267,746	(18.2)	674,960	762,559	(11.5)
Earnings per share						
- basic	19.8 cents	26.1 cents	(24.1)	57.8 cents	70.4 cents	(17.9)
- diluted	19.6 cents	25.5 cents	(23.1)	56.4 cents	68.5 cents	(17.7)

Notes to the Group's Income Statement:

(1) Profit before tax includes the following:

	The Group Fourth Quarter Ended 31 December		The Group Full Year Ended 31 December	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Interest income	12,463	9,955	49,064	42,591
Gains on loss of control in/liquidation of subsidiaries	55,938	98,078	55,938	148,598
Negative goodwill on acquisition of interest in an associate	-	521	-	521
Investment income	906	926	7,366	9,184
Profit on realisation/sale of investments	1,922	1,020	3,339	18,415
Profit/(Loss) on sale of property, plant and equipment and an investment property (net)	805	(230)	38,943	(702)
Loss on disposal/ liquidation of a joint venture	-	-	(124)	(14)
Allowance written back for foreseeable losses on development properties (net)	4,164	5,744	19,516	5,744
Depreciation and amortisation	(53,313)	(65,195)	(215,970)	(221,883)
Interest expenses	(27,141)	(28,228)	(108,884)	(109,727)
Net exchange loss	(2,287)	(8,979)	(9,031)	(10,301)
Net change in fair value of financial assets held for trading	(559)	107	2,340	(1,345)
(Impairment losses)/Write-back of impairment losses on loans to joint ventures (net)	-	(1,035)	22,320	(1,759)
Impairment loss on available-for-sale financial asset	-	-	-	(500)
Impairment loss on lease premium prepayment	-	(478)	-	(478)
Impairment losses on property, plant and equipment and investment properties	(52,233)	(38,340)	(52,233)	(38,340)
Impairment loss on goodwill arising from acquisition of a subsidiary	(226)	-	(6,874)	-

(2) Other operating income comprises mainly management fee, miscellaneous income and profit on realisation/sale of investments, property, plant and equipment and investment properties. This had decreased by $21.4 million to $80.0 million (Q4 2016: $101.4 million) for fourth quarter of 2017 (Q4 2017) and $53.8 million to $121.1 million (FY 2016: $174.9 million) for the full year ended 31 December 2017 (FY 2017). The decreases for Q4 2017 and FY 2017 were due to higher gains recorded in 2016 from divestures, including sale of the Group's entire interest in Exchange Tower Ltd, divestment of equity interest in Summervale Properties Pte. Ltd. (which holds Nouvel 18) via the Group's third Profit Participation Securities (PPS 3), both in Q4 2016, as well as disposal of the Group's 52.52% interests in City e-Solutions Limited (CES) in Q3 2016. The decreases were however partially mitigated by divestment gain of $55.5 million accounted on disposal of 70% interest in Chongqing Huang Hua Yuan Property Development Co., Ltd (CQHHY) and 50% of Chongqing Eling Property Development Co., Ltd (CQEL) in Q4 2017, refund of stamp duty in October 2017 which was previously paid in relation to the Group's second Profit Participation Securities (involving monetisation of the Group's 3 office assets namely; Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre), coupled with profit recorded in Q3 2017 on disposal of an office building in Osaka.

(3) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences, professional fees as well as impairment losses on property, plant and equipment, investment properties and loans to joint ventures. This had increased by $20.5 million to $188.2 million (Q4 2016: $167.7 million) for Q4 2017 but remained relatively flat at $476.6 million (FY 2016: $473.2 million) for FY 2017. The increase for Q4 2017 was primarily attributable to higher impairment losses on property, plant and equipment and investment properties of $52.2 million (Q4 2016: $38.3 million). Included in FY 2017 was the write-back of impairment loss of approximately $22 million in Q2 2017 previously made on loans advanced by the Group's subsidiary, Millennium & Copthorne plc (M&C), to its joint venture (Fena Estate Co., Ltd) (Fena) as this amount was subsequently recovered in July 2017 through M&C's disposal of its interest in Fena. This writeback had nullified the effect of higher impairment loss this year, including the impairment loss made on goodwill arising from the acquisition of The Lowry Hotel by CDL Hospitality Trusts (CDLHT) in Q2 2017.

(4) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had increased by $2.8 million to $13.1 million (Q4 2016: $10.3 million) for Q4 2017 and $9.3 million to $52.8 million (FY 2016: $43.5 million) for FY 2017. The increases for Q4 2017 and FY 2017 were due to increased interest income earned from fixed deposits and notes subscribed by the Group via the Group's PPS 3 established in Q4 2016. These were partially offset by lower interest income earned from loans advanced to certain joint ventures following repayment of such loans.

(5) Finance costs comprise mainly interest on borrowings, fair value loss on financial assets held for trading, impairment loss on available-for-sale financial asset and amortisation of capitalised transaction costs on borrowings. This had decreased by $2.6 million to $28.8 million (Q4 2016: $31.4 million) for Q4 2017 and $5.9 million to $117.7 million (FY 2016: $123.6 million) for FY 2017. The decreases for Q4 2017 and FY 2017 were attributable to lower interest expenses incurred due to lower average borrowings and lower amortisation of capitalised transaction costs on borrowings. In addition, the absence of fair value loss on financial assets held for trading from CES following the Group's disposal of CES in FY 2016 also led to the decline in finance costs for FY 2017.

(6) Share of after-tax profit of associates relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL). This had decreased by $13.8 million to $14.5 million (Q4 2016: $28.3 million) for Q4 2017 and $11.6 million to $29.6 million (FY 2016: $41.2 million) for FY 2017. The decreases for Q4 2017 and FY 2017 were primarily due to absence of dilution gain in 2017. A gain was recognised by FSGL on dilution of its interest in the Star of East River project in Dongguan in Q4 2016. The decreases were partially mitigated by the higher profit contributions from its sales of properties, due to more units in Millennium Waterfront project being handed over as well as improved property financing performance, with the recognition of net penalty interest from successful enforcement action for certain defaulted loan.

(7) Share of after-tax profit of joint ventures increased by $11.8 million to $14.5 million (Q4 2016: $2.7 million) for Q4 2017 but decreased by $13.4 million to $15.9 million (FY 2016: $29.3 million) for FY 2017. The increase for Q4 2017 was due to maiden contribution from Forest Woods and higher contribution from Commonwealth Towers in the current quarter, coupled with write-back of allowance for foreseeable losses in Q4 2017 vis-à-vis allowance for foreseeable losses provided in Q4 2016 on joint ventures. For FY 2017, the decrease was due to absence of contributions from Echelon and Bartley Ridge, which obtained TOP in Q3 2016 and Q4 2016 respectively and was partially mitigated by aforesaid contribution from Forest Woods and Commonwealth Towers and foreseeable losses written back.

(8) Tax expense for the period/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.

	The Group Fourth Quarter Ended 31 December		The Group Full Year Ended 31 December	
	2017	**2016**	**2017**	**2016**
The tax charge relates to the following:	**S$'m**	**S$'m**	**S$'m**	**S$'m**
Profit for the period/year	19.3	54.0	127.1	149.0
Under/(Over) provision in respect of prior periods/years	0.8	9.8	(21.6)	2.4
	20.1	63.8	105.5	151.4

The overall effective tax rate of the Group was 8.4 % (Q4 2016: 19.2%) for Q4 2017 and 13.5% (FY 2016: 16.6%) for FY 2017. Excluding the under/(over) provision in respect of prior periods/years, the effective tax rate of the Group is 8.1% (Q4 2016: 16.3%) for Q4 2017 and 16.3% (FY 2016: 16.3%) for FY 2017.

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1(a)(ii) Consolidated Statement of Comprehensive Income

	The Group			
	Fourth Quarter Ended 31 December		Full Year Ended 31 December	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Profit for the period/year	219,052	267,746	674,960	762,559
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Defined benefit plan remeasurements	6,391	(15,670)	6,391	(15,477)
Items that may be reclassified subsequently to profit or loss:				
Changes in fair value of available-for-sale equity investments	(639)	43	2,171	2,172
Effective portion of changes in fair value of cash flow hedges	2,427	-	2,606	-
Exchange differences on hedge of net investment in foreign operations	3,201	(11,755)	22,452	(61,028)
Exchange differences on monetary items forming part of net investments in foreign operations	(15,265)	33,241	(37,580)	(4,745)
Exchange differences reclassified to profit or loss on loss of control in/liquidation of foreign operations	(7,820)	(3,017)	(15,926)	(7,912)
Exchange differences reclassified to profit or loss on disposal of/ liquidation of a joint venture	-	-	124	14
Translation differences arising on consolidation of foreign operations	(47,052)	115,863	(111,136)	(79,006)
Total other comprehensive income for the period/year, net of tax	**(58,757)**	**118,705**	**(130,898)**	**(165,982)**
Total comprehensive income for the period/year	**160,295**	**386,451**	**544,062**	**596,577**
Attributable to:				
Owners of the Company	**147,336**	**328,242**	**440,848**	**495,307**
Non-controlling interests	12,959	58,209	103,214	101,270
Total comprehensive income for the period/year	**160,295**	**386,451**	**544,062**	**596,577**

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 31.12.2017 S$'000	As at 31.12.2016 S$'000	As at 31.12.2017 S$'000	As at 31.12.2016 S$'000
Non-current assets					
Property, plant and equipment		5,013,767	5,135,688	7,735	8,368
Investment properties	(1)	2,448,901	2,346,114	453,365	444,682
Lease premium prepayment		106,288	113,587	-	-
Investments in subsidiaries		-	-	2,131,243	2,132,213
Investments in associates		389,360	371,370	-	-
Investments in joint ventures	(2)	1,168,450	1,090,142	37,360	37,360
Financial assets	(3)	432,923	398,603	30,561	28,329
Other non-current assets	(4)	483,740	261,353	2,540,071	1,861,215
		10,043,429	**9,716,857**	**5,200,335**	**4,512,167**
Current assets					
Lease premium prepayment		3,793	3,913	-	-
Development properties	(5)	4,560,819	5,208,900	359,703	497,674
Consumable stocks		11,018	11,823	-	-
Financial assets		15,770	16,399	-	-
Assets classified as held for sale	(6)	56,618	-	-	-
Trade and other receivables	(7)	1,035,936	1,166,493	4,352,813	4,335,835
Cash and cash equivalents		3,775,909	3,673,037	1,384,157	2,043,714
		9,459,863	**10,080,565**	**6,096,673**	**6,877,223**
Total assets		**19,503,292**	**19,797,422**	**11,297,008**	**11,389,390**
Equity attributable to Owners of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		7,592,177	7,302,411	4,470,390	4,522,002
		9,583,574	9,293,808	6,461,787	6,513,399
Non-controlling interests		2,257,576	2,114,876	-	-
Total equity		**11,841,150**	**11,408,684**	**6,461,787**	**6,513,399**
Non-current liabilities					
Interest-bearing borrowings*		3,755,650	3,954,937	1,780,524	1,808,330
Employee benefits		34,387	42,837	-	-
Other liabilities		356,222	375,646	119,311	170,137
Provisions		75,198	84,917	-	-
Deferred tax liabilities	(8)	179,179	271,013	49,027	66,333
		4,400,636	**4,729,350**	**1,948,862**	**2,044,800**
Current liabilities					
Trade and other payables		1,604,302	1,575,230	2,164,002	1,809,538
Interest-bearing borrowings*		1,266,032	1,782,830	672,176	998,216
Employee benefits		24,560	24,544	2,205	2,282
Provision for taxation		318,033	251,629	47,976	21,155
Provisions		48,579	25,155	-	-
		3,261,506	**3,659,388**	**2,886,359**	**2,831,191**
Total liabilities		**7,662,142**	**8,388,738**	**4,835,221**	**4,875,991**
Total equity and liabilities		**19,503,292**	**19,797,422**	**11,297,008**	**11,389,390**

* 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 and the Company

1) The increase for the Group was mainly due to acquisition of Pullman Hotel Munich, Germany in July 17 by CDLHT, partially offset by the disposal of an old office building in Osaka and the reclassification of the carrying amounts of Mercure Brisbane and Ibis Brisbane to assets held for sale following CDLHT's announcement of its proposed divestment of these 2 investment properties.

2) The increase for the Group was mainly due to the inclusion of residual interest of 30% in CQHHY and 50% in CQEL following the Group's completion of its divestment of 70% interest in CQHHY and 50% interest in CQEL to a subsidiary of China Vanke Co., Ltd (Vanke) in Q4 2017, partially offset by dividend income received. Further, additional capital injection into the investments in the Group's joint venture mixed-use South Beach development and Shanghai Distrii Technology Development Co., Ltd (Shanghai Distrii), a leading operator of co-working spaces in China, and share of after-tax profit of joint ventures for the year also attribute to the increase.

3) The increase for the Group was mainly due to the Group's subscription of notes pertaining to two retirement village developments in Australia.

4) The increase for the Group was mainly due to reclassification of loans due from a joint venture from trade and other receivables to other non-current assets as settlement of the loans is neither planned nor likely to occur in foreseeable future.

   The increase for the Company was due to reclassification of loans due to a subsidiary from trade and other receivables to other non-current assets as settlement of the loans is neither planned nor likely to occur in foreseeable future.

5) The decrease for the Group was due to completion of several well sold projects during the year, including The Venue Residences, The Brownstone Executive Condominium (EC) and D'Nest, as well as sale of units in Gramercy Park, together with the deconsolidation of CQHHY and CQEL (each holds one residential project), pursuant to the disposal of the Group's aforesaid interests to Vanke. The purchase of new land plot in Tampines and ongoing development costs for projects under construction had however partially offset the decline.

   The decrease for the Company was due to completion of D'Nest, which was 100% sold, partially offset by increase in development expenditure for Coco Palms.

6) On 22 December 2017, CDLHT announced its proposed divestment of Mercure Brisbane and Ibis Brisbane for A$77.0 million. Accordingly, these 2 investment properties have been reclassified to assets held for sale as at 31 December 2017. The sale was completed on 11 January 2018.

7) The decrease for the Group was due to the reclassification of loans due from a joint venture to other non-current assets, partially offset by the partial consideration paid in connection with the acquisition of a 100% equity stake in Shanghai Meidao Investment Co. (which owns an office development project).

   Trade and other receivables of the Company remained relatively constant, despite the reclassification of loans due to a subsidiary to other-current assets. This was attributable to loans granted to subsidiaries to fund the purchase of land plot in Tampines and acquisition of M&C shares that the Group does not own (the acquisition deal was unsuccessful eventually), partially offset by receipts of loans repayments.

8) The decrease for the Group was mainly due to transfer to provision for taxation in relation to several residential projects including Jewel @ Buangkok, Lush Acres EC, Gramercy Park, D'Nest, The Brownstone EC which had either obtained strata title or TOP, partially offset by deferred tax liability arising from the acquisition of The Lowry Hotel.

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 31.12.2017 S$'000	As at 31.12.2016 S$'000
Unsecured			
- repayable within one year		1,104,330	1,462,424
- repayable after one year		3,327,613	3,374,105
	(a)	4,431,943	4,836,529
Secured			
- repayable within one year		162,873	322,472
- repayable after one year		441,417	592,855
	(b)	604,290	915,327
Gross borrowings	(a) + (b)	5,036,233	5,751,856
Less: cash and cash equivalents as shown in the statement of financial position		(3,775,909)	(3,673,037)
Less: restricted deposits included in other non-current assets		(213,531)	(213,531)
Net borrowings		1,046,793	1,865,288

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;
- a statutory lien on certain assets of a foreign subsidiary; and
- a statutory preferred right over the assets of a foreign subsidiary.

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.

	Fourth Quarter Ended 31 December		Ful Year Ended 31 December	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Operating Activities				
Profit for the period/year	219,052	267,746	674,960	762,559
Adjustments for:				
Depreciation and amortisation	53,313	65,195	215,970	221,883
Dividend income	(906)	(926)	(7,366)	(9,184)
Equity settled share-based transactions	(317)	(411)	216	(411)
Finance costs	28,753	31,446	117,703	123,635
Finance income	(13,062)	(10,306)	(52,789)	(43,499)
Gains on loss of control in/liquidation of subsidiaries	(55,938)	(98,078)	(55,938)	(148,598)
Negative goodwill on acquisition of interest in an associate	-	(521)	-	(521)
Gain on insurance claim	-	-	-	(4,227)
Impairment losses/(Write-back of impairment losses) on loans to joint ventures	-	1,035	(22,320)	1,759
Impairment losses on leasehold premium prepayment, investment properties and property, plant and equipment	52,233	38,818	52,233	38,818
Impairment loss on goodwill arising from acquisition of a subsidiary	226	-	6,874	-
Profit on realisation/sale of investments	(1,922)	(1,020)	(3,339)	(18,415)
(Profit)/Loss on sale of property, plant and equipment and an investment property (net)	(805)	230	(38,943)	702
Loss on disposal/liquidation of a joint venture	-	-	124	14
Property, plant and equipment and investment properties written off	232	266	4,471	2,546
Share of after-tax profit of associates	(14,543)	(28,252)	(29,648)	(41,226)
Share of after-tax profit of joint ventures	(14,458)	(2,693)	(15,886)	(29,274)
Tax expense	20,093	63,754	105,486	151,430
Operating profit before working capital changes	271,951	326,283	951,808	1,007,991
Changes in working capital				
Development properties	375,756	54,469	300,028	214,591
Consumable stocks and trade and other receivables	(63,553)	232,635	(58,960)	140,076
Trade and other payables	(76,836)	(203,415)	43,760	(48,792)
Employee benefits	3,106	17,848	1,434	23,811
Cash generated from operations	510,424	427,820	1,238,070	1,337,677
Tax paid	(19,577)	(14,397)	(161,781)	(156,745)
Cash flows from operating activities carried forward	**490,847**	**413,423**	**1,076,289**	**1,180,932**

	Fourth Quarter Ended 31 December		Full Year Ended 31 December	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities brought forward	**490,847**	**413,423**	**1,076,289**	**1,180,932**
Investing Activities				
Acquisition of subsidiaries (net of cash acquired) [(1)]	(2,267)	-	(248,507)	(410,451)
Capital expenditure on investment properties	(18,494)	(3,989)	(44,874)	(22,087)
Dividends received				
- an associate	-	-	4,229	4,228
- financial investments	906	926	7,366	9,184
- joint ventures	35,510	16,500	88,000	40,500
Interest received	13,750	7,014	41,163	33,609
Increase in intangible assets	(182)	(5)	(231)	(502)
Increase in investment in associates	-	(1,622)	-	(1,622)
Increase in investments in joint ventures [(2)]	(21,023)	(25,563)	(58,565)	(111,779)
Increase in lease premium prepayment	-	-	-	(263)
Increase in amounts owing by equity-accounted investee (non-trade)	(1)	-	(2,082)	-
Payments for purchase of property, plant and equipment	(29,918)	(49,572)	(109,305)	(204,926)
Proceeds from insurance claims	-	-	-	4,227
Proceeds from settlement of loans by a joint venture [(3)]	-	-	22,811	-
Proceeds from loss of control over subsidiaries (net of cash disposed of)[(4)]	(8,177)	1,078,148	193,150	1,113,244
Proceeds from sale of property, plant and equipment and an investment property [(5)]	35	86	64,226	1,120
Purchase of financial assets (net of distribution of income received) [(6)]	(11,372)	(137,470)	(48,332)	(136,420)
Cash flows (used in)/from investing activities	**(41,233)**	**884,453**	**(90,951)**	**318,062**
Financing Activities				
Acquisition of non-controlling interests, without a change in control	-	(113,706)	(23,545)	(116,693)
Capital (distribution to)/contribution by non-controlling interests (net)	(3,934)	19	153,653	(1,156)
Deposit charged to financial institutions	-	(186,866)	-	(186,866)
Dividends paid	(5,926)	(11,098)	(243,840)	(237,440)
Finance lease payments	(49)	(132)	(355)	(553)
Increase in other long-term liabilities	2,133	63	3,659	-
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(33,354)	(35,356)	(124,596)	(136,960)
(Increase)/Decrease in restricted cash (net)	(219)	(212)	183	(11)
Decrease/(Increase) in deposits pledged to financial institutions	8,790	6,258	(79,266)	11,543
Net (repayments of)/proceeds from revolving credit facilities and short-term bank borrowings	(88,261)	17,519	(137,186)	(465,650)
Net increase in amounts owing by related parties	-	(1,045)	-	(9,411)
Payment of financing transaction costs	(1,308)	(80)	(8,595)	(4,738)
Payment of issue expenses by a subsidiary	(7)	-	(4,055)	-
Proceeds from bank borrowings	203,456	1,599	449,680	227,143
Proceeds from issuance of bonds and notes	-	-	100,000	411,623
Repayment of bank borrowings	(249,290)	(121,894)	(757,766)	(484,662)
Repayment of bonds and notes	-	(195,000)	(250,000)	(347,340)
Cash flows used in financing activities [(7)]	**(167,969)**	**(639,931)**	**(922,029)**	**(1,341,171)**
Net increase in cash and cash equivalents	**281,645**	**657,945**	**63,309**	**157,823**

	Fourth Quarter Ended 31 December		Full Year Ended 31 December	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Net increase in cash and cash equivalents brought forward	**281,645**	**657,945**	**63,309**	**157,823**
Cash and cash equivalents at beginning of the period/year	3,323,995	2,887,445	3,566,757	3,415,567
Effect of exchange rate changes on balances held in foreign currencies	(6,596)	21,367	(31,022)	(6,633)
Cash and cash equivalents at end of the period/year	**3,599,044**	**3,566,757**	**3,599,044**	**3,566,757**
Cash and cash equivalents comprise:-				
Cash and cash equivalents as shown in the statement of financial position	3,775,909	3,673,037	3,775,909	3,673,037
Restricted deposits included in other non-current assets	213,531	213,531	213,531	213,531
Less: Deposits pledged to financial institutions	(175,644)	(104,822)	(175,644)	(104,822)
Less: Deposits charged to financial institutions	(213,531)	(213,531)	(213,531)	(213,531)
Less: Restricted cash	(1,221)	(1,454)	(1,221)	(1,454)
Less: Bank overdrafts	-	(4)	-	(4)
	3,599,044	**3,566,757**	**3,599,044**	**3,566,757**

Notes to the consolidated statement of cash flows

(1) The cash outflows for Q4 2017 and FY 2017 relate to consideration paid by CDLHT for acquisition of 94.5% effective interest in Pullman Hotel Munich, together with its retail components and related fixture, furniture and equipment. In addition, the acquisition of the 100% interest in The Lowry Hotel Limited (holds The Lowry Hotel) in Q2 2017 also attributed to the cash outflows for FY 2017.

The cash outflows for FY 2016 relate to the acquisition of the remaining 50% interest in Summervale Properties Pte Ltd (Summervale) in July 2016.

(2) The cash outflows for Q4 2017 and FY 2017 relate to the Group’s continuing capital injections into the Group’s joint venture mixed-use South Beach development, and investments in the Group’s new joint venture in Shanghai Distrii. The Group also entered into a joint venture partnership on 6 December 2017 for the proposed acquisition of the Le Meridien Frankfurt hotel in Germany.

The cash outflows for Q4 2016 and FY 2016 relate mainly to the Group’s capital injections into South Beach development and progressive investments for a 20% equity stake in Shanghai Mamahome Co., Ltd. The cash outflows for FY 2016 also included investment via preferred equity interest in a joint development of a prime residential land site in Brisbane.

(3) The cash inflows for FY 2017 relate to proceeds from settlement of loans granted previously to Fena, a joint venture, pursuant to M&C disposed its 50% interest in it in July 2017.

(4) The cash outflows for Q4 2017 mainly relate to the cash balances of CQEL and CQHHY that were disposed of when the Group deconsolidated these two subsidiaries in Q4 2017. The cash inflows for FY 2017 relates to net proceeds received from divestment of equity interest of 70% in CQHHY and 50% in CQEL.

The cash inflows for Q4 2016 and FY 2016 relate primarily to proceeds from the divestments of the Group's entire interest in Exchange Tower and Summervale in October 2016. The cash outflows for FY 2016 also included proceeds from the disposal of the Group's 52.52% shareholding in CES in July 2016.

(5) The cash inflows for FY 2017 relate mainly to the proceed from the sale of Umeda Pacific Building in September 2017.

(6) The cash outflows for Q4 2016 and FY 2016 relate mainly to the Group's subscription of notes issued by Summervale vis-à-vis PPS 3.

(7) The Group had lower net cash outflows from financing activities of $168.0 million (Q4 2016: $639.9 million) for Q4 2017 and $922.0 million (FY 2016: $1,341.2 million) for FY 2017.

For Q4 2017, the decrease in net cash outflows was due to lower net repayments from borrowings of $134.1 million (Q4 2016: $297.8 million) as well as absence of acquisition of non-controlling interests and deposits being charged to financial institutions.

For FY 2017, the decrease in net cash outflows was due to lower net repayments from borrowings of $595.3 million (FY 2016: $658.9 million), absence of deposits being charged to financial institutions and lesser outflow for acquisition of non-controlling interests which the Group does not own. In FY 2017, the Group acquired the remaining 5.31% preferred equity share capital in Tempus Platinum Tokutei Mokuteki Kaisha in Q1 2017 and some M&C shares in Q2 2017 as compared to payments for the acquisition of the remaining 30% equity interest in Suzhou Global City Genway Properties Co., Ltd from the existing minority shareholder in Q4 2016. Further, the proceeds received from non-controlling interests effected via rights issue exercised by CDLHT in Q3 2017 also attributed to the lower net cash outflows.

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 Owners of the Company							
	Share Capital S$m	Cap. Res. S$m	Other Res.* S$m	Exch. Fluct. Res. S$m	Accum. Profits S$m	Total S$m	Non-controlling Interests S$m	Total Equity S$m
At 1 January 2017	1,991.4	175.5	29.7	(478.9)	7,576.1	9,293.8	2,114.9	11,408.7
Profit for the year	-	-	-	-	538.2	538.2	136.8	675.0
Other comprehensive income								
Item that will not be reclassified to profit or loss								
Defined benefit plan remeasurements	-	-	-	-	4.2	4.2	2.2	6.4
Items that may be reclassified subsequently to profit or loss								
Change in fair value of available-for-sale equity investments	-	-	2.7	-	-	2.7	(0.5)	2.2
Effective portion of changes in fair value of cash flow hedges	-	-	1.8	-	-	1.8	0.9	2.7
Exchange differences on hedges of net investment in foreign operations	-	-	-	11.8	-	11.8	10.6	22.4
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(39.3)	-	(39.3)	1.7	(37.6)
Exchange differences reclassified to profit or loss on loss of control in foreign operations	-	-	-	(15.9)	-	(15.9)	-	(15.9)
Exchange differences reclassified to profit or loss on disposal of a joint venture	-	-	-	0.1	-	0.1	-	0.1
Translation differences arising on consolidation of foreign entities	-	-	-	(62.7)	-	(62.7)	(48.5)	(111.2)
Total other comprehensive income	-	-	4.5	(106.0)	4.2	(97.3)	(33.6)	(130.9)
Total comprehensive income for the year	-	-	4.5	(106.0)	542.4	440.9	103.2	544.1
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capital contribution to non-controlling interests (net)	-	-	-	-	-	-	154.1	154.1
Dividends paid to owners of the Company	-	-	-	-	(158.4)	(158.4)	-	(158.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(85.9)	(85.9)
Issue expenses of a subsidiary	-	(1.0)	-	-	-	(1.0)	(3.1)	(4.1)
Liquidation of a subsidiary	-	-	-	-	-	-	(0.5)	(0.5)
Transfer to statutory reserves	-	-	7.7	-	(7.7)	-	-	-
Share-based payment transactions	-	-	0.3	-	-	0.3	0.2	0.5
Total contributions by and distributions to owners	-	(1.0)	8.0	-	(166.1)	(159.1)	64.8	(94.3)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	5.0	5.0
Change of interest in a subsidiary without loss of control	-	6.5	-	0.2	0.2	6.9	(30.4)	(23.5)
Expiry of put option granted to non-controlling interests	-	1.1	-	-	-	1.1	-	1.1
Total changes in ownership interests in subsidaries	-	7.6	-	0.2	0.2	8.0	(25.4)	(17.4)
Total transactions with owners	-	6.6	8.0	0.2	(165.9)	(151.1)	39.4	(111.7)
At 31 December 2017	**1,991.4**	**182.1**	**42.2**	**(584.7)**	**7,952.6**	**9,583.6**	**2,257.5**	**11,841.1**

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

The Group	Attributable to Owners of the Company: Share Capital S$m	Cap. Res. S$m	Other Res.* S$m	Exch. Fluct. Res. S$m	Accum. Profits S$m	Total S$m	Non-controlling Interests S$m	Total Equity S$m
At 1 January 2016	1,991.4	138.7	27.7	(328.8)	7,166.8	8,995.8	2,217.2	11,213.0
Profit for the year	-	-	-	-	653.2	653.2	109.3	762.5
<u>Other comprehensive income</u>								
<u>Item that will not reclassified to profit or loss</u>								
Defined benefit plan remeasurements	-	-	-	-	(10.0)	(10.0)	(5.5)	(15.5)
<u>Items that may be reclassified subsequently to profit or loss</u>								
Change in fair value of available-for-sale equity investments	-	-	2.2	-	-	2.2	-	2.2
Exchange differences on hedges of net investment in foreign operations	-	-	-	(38.6)	-	(38.6)	(22.4)	(61.0)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(10.0)	-	(10.0)	5.3	(4.7)
Exchange differences reclassified to profit or loss on loss of control in/liquidation of foreign operations	-	-	-	(3.9)	-	(3.9)	(4.0)	(7.9)
Translation differences arising on consolidation of foreign operations	-	-	-	(97.6)	-	(97.6)	18.6	(79.0)
Total other comprehensive income	-	-	2.2	(150.1)	(10.0)	(157.9)	(8.0)	(165.9)
Total comprehensive income for the year	-	-	2.2	(150.1)	643.2	495.3	101.3	596.6
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(0.7)	(0.7)
Dividends paid to owners of the Company	-	-	-	-	(158.4)	(158.4)	-	(158.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(79.5)	(79.5)
Transfer to statutory reserves	-	-	0.1	-	(0.1)	-	-	-
Share-based payment transactions	-	-	(0.3)	-	-	(0.3)	(0.1)	(0.4)
Total contributions by and distributions to owners	-	-	(0.2)	-	(158.5)	(158.7)	(80.3)	(239.0)
<u>Changes in ownership interests in subsidiaries</u>								
Changes of interests in subsidiaries with loss of control	-	75.4	-	-	(75.4)	-	(46.7)	(46.7)
Changes of interests in a subsidiary without loss of control	-	(40.1)	-	-	-	(40.1)	(76.6)	(116.7)
Expiry of put option granted to non-controlling interests	-	1.5	-	-	-	1.5	-	1.5
Total changes in ownership interests in subsidiaries	-	36.8	-	-	(75.4)	(38.6)	(123.3)	(161.9)
Total transactions with owners	-	36.8	(0.2)	-	(233.9)	(197.3)	(203.6)	(400.9)
At 31 December 2016	**1,991.4**	**175.5**	**29.7**	**(478.9)**	**7,576.1**	**9,293.8**	**2,114.9**	**11,408.7**

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

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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 2016	1,991.4	63.7	10.3	4,001.0	6,066.4
Profit for the year	-	-	-	603.4	603.4
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Change in fair value of available-for-sale equity investments	-	-	2.0	-	2.0
Total other comprehensive income	-	-	2.0	-	2.0
Total comprehensive income for the year	-	-	2.0	603.4	605.4
Transaction with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the Company	-	-	-	(158.4)	(158.4)
Total contributions by and distributions to owners	-	-	-	(158.4)	(158.4)
Total transactions with owners	-	-	-	(158.4)	(158.4)
At 31 December 2016	**1,991.4**	**63.7**	**12.3**	**4,446.0**	**6,513.4**
Profit for the year	-	-	-	104.5	104.5
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Change in fair value of available-for-sale equity investments	-	-	2.3	-	2.3
Total other comprehensive income	-	-	2.3	-	2.3
Total comprehensive income for the year	-	-	2.3	104.5	106.8
Transaction with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the Company	-	-	-	(158.4)	(158.4)
Total contributions by and distributions to owners	-	-	-	(158.4)	(158.4)
Total transactions with owners	-	-	-	(158.4)	(158.4)
At 31 December 2017	**1,991.4**	**63.7**	**14.6**	**4,392.1**	**6,461.8**

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 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 year ended 31 December 2017.

Preference share capital

There was no change in the Company's issued preference share capital during the year ended 31 December 2017.

As at 31 December 2017, the maximum number of ordinary shares that may be issued upon full conversion of all 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 (31 December 2016: 44,998,898 ordinary shares).

1(d)(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 31 December 2017 and 31 December 2016.

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2017 and 31 December 2016 is 909,301,330.

The total number of issued Preference Shares as at 31 December 2017 and 31 December 2016 is 330,874,257.

1(d)(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 year ended 31 December 2017.

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.

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 2016.

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 amendments to Financial Reporting Standards (FRSs) which took effect for financial year beginning on 1 January 2017.

The adoption of these amendments to FRSs 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.

	Fourth Quarter Ended 31 December		Full Year Ended 31 December	
	2017	**2016**	**2017**	**2016**
Basic Earnings per share (cents)	19.8	26.1	57.8	70.4
Diluted Earnings per share (cents)	19.6	25.5	56.4	68.5
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S$'000) (*)	180,225	237,297	525,318	640,302
b) Profit used for computing diluted earnings per share (S$'000)	186,730	243,784	538,222	653,224
c) 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 declared and paid in Q4 2017 of $6,505,000 (Q4 2016: $6,487,000) and in full year 2017 of $12,904,000 (FY 2016: $12,922,000).*

** *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.*

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	
	31.12.2017 S$	31.12.2016 S$	31.12.2017 S$	31.12.2016 S$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2017 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2016)	10.54	10.22	7.11	7.16

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

Revenue
For the fourth quarter (Q4 2017) and full year ended 31 December 2017 (FY 2017), the Group continued to achieve resilient performance despite a challenging operating environment. Revenue for Q4 2017 increased by 13.8% to $1.3 billion (Q4 2016: $1.2 billion) whilst revenue for FY 2017 remained relatively stable at $3.8 billion (FY 2016: $3.9 billion).

The Q4 2017 revenue was boosted primarily by contribution from The Brownstone Executive Condominium (EC) which obtained its Temporary Occupation Permit (TOP) in October 2017 and according to prevailing accounting standards, the revenue and profit for an EC project is recognised in entirety upon completion. The FY 2017 revenue contributors include the strong take up for Gramercy Park, sales from existing property development projects such as The Venue Residences, Coco Palms and Hong Leong City Center in Suzhou, and contributions from the Group's investment properties. Revenue growth from the hotel operations segment was enhanced primarily by the full-year contributions from certain hotels within the Group's listed subsidiary, Millennium & Copthorne Hotels plc (M&C), notably Millennium Hilton New York One UN Plaza (re-opened in September 2016 after refurbishment) and Grand Millennium Auckland (included in September 2016).

Pre-tax Profit by Segments
Pre-tax profit was largely distorted by one-off items. Property development segment continued to be the highest contributor, making up 81% and 57% for Q4 2017 and FY 2017 respectively. This segment benefited from the partial divestment of the Group's interest in two China projects in Chongqing to China Vanke Co., Ltd (Vanke) for $55.5 million. Comparatively, in 2016, the Group had a substantial gain following the sale of Exchange Tower in Bangkok. Rental properties segment performed better than the hotel operations segment. Notably, in 2017, the rental properties segment included a gain following the sale of an office building in Osaka while the hotel operations segment included a write back of impairment losses on loans to a joint venture (JV) of $22 million.

PATMI

Overall, the Group achieved attributable profit after tax and non-controlling interests (PATMI) of $186.7 million for Q4 2017 (Q4 2016: $243.8 million) and $538.2 million for FY 2017 (FY 2016: $653.2 million). In FY 2016, the Group's performance was boosted by a variety of factors, including a sizable contribution from Hong Leong City Center in Suzhou, higher profit margin projects like Coco Palms, D'Nest and Lush Acres EC, divestment of its 52.52% interest in City e-Solutions Limited, sale of Exchange Tower and recapitalisation of Summervale Properties Pte. Ltd. (which holds Nouvel 18) via the Group's third Profit Participation Securities.

Basic earnings per share stood at 19.8 cents for Q4 2017 (Q4 2016: 26.1 cents) and 57.8 cents for FY 2017 (FY 2016: 70.4 cents).

As at 31 December 2017, the Group's net gearing ratio, excluding any revaluation surplus from investment properties, was at 9% (FY 2016: 16.0%), the lowest for the Group on record. With strong cash reserves of approximately $4.0 billion and interest cover of 13.6 times (FY 2016: 12.5 times), the Group has the financial resources to react swiftly to any attractive opportunities, both locally or abroad. Some of its cash reserves were deployed for recent land acquisitions in Singapore.

In addition to the final ordinary dividend of 8.0 cents per share, the Board is also recommending a special final ordinary dividend of 6.0 cents per share. Considering the special interim dividend of 4 cents paid in September 2017, the total dividends for 2017 amount to 18.0 cents per share (FY 2016: 16.0 cents).

Property

Singapore

Despite the absence of a new residential launch in the year under review, the Group continued to achieve strong sales for its existing inventory. The Group, together with its joint venture (JV) associates, sold 1,171 units including ECs, with a total sales value of $1.93 billion, again emerging as one of the top-selling private sector developers in Singapore. (FY 2016: 1,017 units with total sales value of $1.25 billion).

The Group's launched projects continued to perform well. The 174-unit Gramercy Park, a luxury freehold development on Grange Road, is now about 97% sold with only six units remaining.

Sales for other JV projects have also progressed well. The 519-unit Forest Woods condominium, located near Serangoon MRT station, is now 93% sold while the 944-unit Coco Palms near Pasir Ris MRT station is about 99% sold with only 13 units remaining. Similarly, two JV EC projects, the 638-unit The Brownstone next to the upcoming Canberra MRT station has only two units remaining while the 505-unit The Criterion in Yishun is now 98% sold.

For the quarter under review, profits were booked from Gramercy Park and JV projects comprising D'Nest, Coco Palms, The Venue Residences, Forest Woods and Commonwealth Towers.

In October 2017, TOPs for Phase 2 of D'Nest and The Brownstone EC were obtained. In line with prevailing accounting policies for ECs, revenue and profit from The Brownstone was booked in its entirety in Q4 2017. However, no profit was realised for The Criterion EC yet as it only obtained TOP in February 2018.

On 4 October 2017, the Group and its 20% JV partner successfully acquired the Amber Park site for $906.7 million, or $1,515 per square foot plot ratio (psf ppr). This is one of the largest collective sale sites in the Amber Road enclave in the East Coast with an area of 213,675 sq ft, plot ratio of 2.8 and allowable Gross Floor Area (GFA) of about 598,290 sq ft. The Group has obtained its Provisional Permission (PP) in February 2018. The plan is to redevelop the site into a luxury condominium comprising three 21-storey towers with over 600 units. The transaction is expected to be completed by Q2 2018 and to be ready for launch by 1H 2019.

The Group's office portfolio, comprising 16 properties with a NLA of about 2.3 million sq ft, continued to enjoy a healthy occupancy rate of 94.8% as at 31 December 2017, compared with the island-wide occupancy rate of 87.4%. It is a key component in the recurring income stream of the Group.

South Beach

The 190-unit South Beach Residences is on track for soft-launch by Q2/Q3 2018.

The 634-room JW Marriott Hotel Singapore South Beach, which soft-opened in mid-December 2016 is ramping up well with healthy occupancy. It is performing within the Group's expectations and is exceeding industry standards for a newly opened hotel on its first year of operation. In Q2 2018, the former NCO Club is scheduled to re-open with unique F&B offerings.

Overseas Platforms

UK

In late October 2017, the Group's 240-unit Teddington Riverside development in the Borough of Richmond, was soft-launched with the opening of an on-site sales centre. Phase 1 (Block A), comprising 57 units, is expected to be completed by Q4 2018. The level of enquiries remains very encouraging as it is a beautiful site overlooking the River Thames. The entire development is on track for completion by Q4 2019. As profit recognition for UK properties are only booked in upon completion, the Group is not in a rush to sell the apartments. Given UK's current subdued property market, the Group intends to defer the official launch to command a higher premium when the market improves and when the project is in a more advanced stage of development. It is mindful that securing prime land in the UK and obtaining planning approval are difficult processes and for now, the Group is content to keep the project in development stage and launch only when market conditions are conducive.

The Group's small-scale projects at Chesham Street in Belgravia (six units) and Hans Road in Knightsbridge (three units) are expected to be fully-fitted by Q2 2018. 90-100 Sydney Street Chelsea, with the refurbishment of nine units, is on track to be ready in Q1 2019. As these units are in prime central locations, the Group may launch when the market improves or retain them for lease.

28 Pavilion Road in Knightsbridge has received planning consent for a 34-unit luxury assisted living development with an in-house spa, library, specialist nursing care and private doctor's surgery. Revised planning application to improve the plan into a revised residential scheme, with the possibility of combining retail and club facilities, has been submitted and decisions are subject to local London elections expected in 2018. This property continues to operate as a carpark. Demolition works are anticipated to commence in 2019 and will be synchronised with the refurbishment works at Millennium Hotel London Knightsbridge. This is to minimise inconvenience during construction works as the two properties share the same access roads.

Following extensive consultations with all local stakeholders, the Group submitted its new planning application for its 22-acre site at the former Stag Brewery at Mortlake in February 2018 and the determination is targeted for Q4 2018. As the master developer for this mega mixed-use township, the £1.25 billion scheme will include a traditional commercial high street comprising shops, bars, restaurants, gym, hotel, cinema and rowing club; nine acres of green space and a new green link connecting the existing Mortlake Green with the River Thames; a new secondary school for 1,200 pupils together with a full-sized football pitch (also available for community use), as well as indoor multi-use gym, play and sports space; 3,000 sqm of offices for existing and new local small businesses. Additionally, 667 homes to be built across the site will comprise one, two, three and four bedroom private and affordable units with underground parking. The scheme also proposes a care village, containing up to 150 assisted living units and an additional care home with dementia care. This master developer concept is currently being advocated in Singapore for larger plots of land.

The 28,000 sq ft Development House located at 56-64 Leonard Street, Shoreditch remains fully leased, with vacant possession now expected from Q3 2018. The planning application for the redevelopment was submitted in December 2017 and the determination is expected in 2018.

At the Ransomes Wharf site in Battersea, the Group is moving quickly to implement the existing consent and make certain planning improvements to the scheme. Demolition works are still targeted to commence in Q1 2018.

China

In September 2017, the Group's wholly-owned subsidiary CDL China Limited entered into a strategic partnership with Vanke, one of the top three residential developers in China. 70% of Chongqing Huang Huayuan and 50% of Chongqing Eling Residences, both located in Yuzhong District, were divested for an aggregate consideration of approximately RMB 986 million. The transaction was completed in December 2017 and the Group recognised a pre-tax gain of $55.5 million. CDL China continues to retain a 30% and 50% equity stake in Chongqing Huang Huayuan and Eling Residences respectively and expects to benefit positively from its retained interest in these projects. This strategic partnership will enable the Group to tap on Vanke's expertise in residential developments in China and pave the way for future collaborations and business expansion opportunities in both China and Singapore. The JV entity is now reviewing the design concept for Chongqing Huang Huayuan, a mixed-use development, as well as the sales and marketing efforts for Eling Residences, a completed 126-unit luxury residential development nestled at the peak of Eling Hill.

The Group also continued to make strategic investments into disruptors that have the potential to transform the future real estate landscape. As an existing shareholder of Distrii, one of China's leading operators of co-working spaces, it participated in Distrii's latest Series A funding round in September 2017. To date, the Group has invested RMB 102 million and is the second largest shareholder of Distrii after its founder. The capital raised will allow Distrii to accelerate its expansion in China while simultaneously launching its international expansion, starting with one of the largest co-working facilities in Singapore at the Group's flagship Republic Plaza in 1H 2018, occupying over 60,000 sq ft of space. Distrii currently has co-working spaces across 26 locations in Shanghai, Beijing and Hangzhou, with 29 more locations in the pipeline.

mamahome, one of China's fastest growing online apartment rental platforms, has about 230,000 apartment listings spanning across 30 cities in China. Being its existing shareholder, CDL China did a follow on for the Series A funding round in December 2017 and to date, has invested RMB 110 million. The property rental market has been boosted by the Chinese government's strong initiatives to enable young professionals to have a suitable living space across the country. Given the increasing trend for the rental market and its strong presence, mamahome has successfully set up strategic partnerships with various sizable market players and set to grow significantly in scale.

Hong Leong Plaza Hongqiao (formerly known as Meidao Business Plaza), which was acquired in February 2017, has obtained its construction completion certificate in Q4 2017. The project comprises five office towers with approval for strata-titled units and two levels of basement carparks. Located in Shanghai's Hongqiao Central Business District (CBD), one of the fastest growing business areas of strategic importance, Hong Leong Plaza Hongqiao is situated next to the mega Shanghai Hongqiao International Medical Center surrounded by many international schools, upcoming R&D centres and business parks. The property is well positioned to benefit from the growth prospects of the up-and-coming area and is expected to contribute to recurring income streams in early 2019.

Comprising 85 luxury villas, Hongqiao Royal Lake is located in the high-end residential enclave of Qingpu District in Shanghai and had sold 38 villas with sales value of RMB 810 million, which sufficiently covers the Group's invested capital in the project. Since villa development is no longer permitted in China, CDL China is planning to review its sales strategies for the remaining villas given its scarcity and demand within Shanghai and may choose to retain some villa units for long term investment.

Hong Leong City Center (HLCC), a mixed-use waterfront development located in the Suzhou Industrial Park, has registered strong revenue for the Group. To date, 1,185 units (86%) of the Phase 1 launch have been sold with sales value of RMB 2.6 billion. Phase 2, comprising a residential tower with 430 units, lifestyle hotel, a 56,000 sqm shopping mall and 30,000 sqm premium Grade A office tower, is expected to be completed in 2018. 375 units (87%) of the Phase 2 residential tower have been sold with a sales value of RMB 928 million. Total sales generated by HLCC to date is RMB 3.53 billion. The family-friendly shopping mall is expected to be in operation by Q3 2018 with at least 80% occupancy while the hotel is slated to open by end-2019.

Japan
The Group's 20% JV residential project, the prime freehold 160-unit Park Court Aoyama The Tower in central Tokyo, is now over 80% sold. The project is expected to be completed in March 2018 and will be handed over to purchasers progressively.

The Group has received enquiries to acquire its prime, sizeable freehold site in the prestigious Shirokane residential enclave within central Tokyo. However, as it is difficult to secure sizable prime land sites in Japan, this site will remain as part of the Group's land bank and should appreciate significantly in value over time. In the meantime, the Group is exploring various design options to maximise the potential of the site.

Australia
In 2017, the Group entered into collaborations with Waterbrook Lifestyle Resorts to develop two luxury five-star retirement villages in New South Wales. Both projects are currently in planning stages.

The Group's JV residential project, the 476-unit Ivy and Eve in Brisbane is almost fully sold with 13 remaining units. Completion is expected in 1H 2018.

Fund Management
The Group aspires to be a leading global real estate manager. The Group will create a sustainable fund management business to generate attractive long-term, risk-adjusted returns for its investors and shareholders. The fund management business will also help the Group to diversify its earnings, enhance its recurring income streams and widen its investor base. This strategy will enable the Group to tap on the growing appetite of institutional investors for unlisted real estate funds and concurrently deliver a higher return on equity to its shareholders.

The Group's goal is to be a leading fund manager in Asia by 2023 and to achieve this milestone, it will target to attain Assets Under Management (AUM) of US$5 billion by then. As such, the Group aims to launch its first series of close-ended, co-mingled funds focusing on core, core plus and opportunistic real estate investments in Asia Pacific by 2019.

The Group will use its core competency in real estate to create real estate vehicles with different risk return profiles to cater for the needs of various institutional and high net worth individuals. The focus is not only on growing AUM but to achieve credible performance and establish a strong track record.

The existing three Profit Participation Securities (PPS) initiatives will be gradually wound down as each of them has a short-term fund life. Depending on the time frame and market conditions, the Group may stand to benefit from the waterfall distribution structures following the orderly disposal of the fund's assets.

Hotel
M&C, in which the Group holds a 65.2% interest, achieved an increase in PATMI of 68.4% to £32 million for Q4 2017 (Q4 2016: £19 million) and a 59.0% increase to £124 million for FY 2017 (FY 2016: £78 million). However, M&C's underlying hotel performance in 2017 was flat, with the increase partly driven by lower impairment losses compared to the previous year and the reversal of a £12 million loan impairment following the sale of its 50% interest in its JV (Fena Estate Co. Ltd.), the owner of Pullman Bangkok Grande Sukhumvit (formerly Grand Millennium Sukhumvit Bangkok).

FY 2017 performance was impacted by industry-wide factors, including political instability in Korea, the unabated growth in popularity amongst customers of online travel agents, alternative lodging options and rising costs, especially in London where the uncertainty of Brexit has given rise to lower productivity in the hospitality and catering labour market already affected by minimum wage policy. In New York, its business will require some time to restore profitability due in part to the strong union operating environment, union driven wage increases and the continuing growth in room supply.

Hotel revenue increased by 8.1% to £880 million in FY 2017 (FY 2016: £814 million) due mainly to foreign exchange gains of £39 million and full-year contributions from Millennium Hilton New York One UN Plaza, which re-opened in September 2016 after refurbishment, and Grand Millennium Auckland, which joined M&C's portfolio in September 2016.

M&C's total revenue for FY 2017 grew by 8.9% to £1,008 million (FY 2016: £926 million), including foreign exchange gains of £46 million. The growth was led mostly by hotel revenue, which contributed £66 million. REIT revenue for FY 2017 increased by £10 million to £66 million (FY 2016: £56 million) mainly due to contributions from newly acquired hotels. In addition, increased land bank sales in New Zealand added £5 million to total revenue.

Global revenue per available room (RevPAR) grew 7.9% to £82.78 for FY 2017 (FY 2016: £76.71) in reported currency, driven by increases in occupancy and average room rates. In constant currency, global RevPAR increased by 3.2%. For Q4 2017, global RevPAR fell by 1.1% to £83.88 (Q4 2016: £84.79) in reported currency and increased by 1.2% in constant currency. RevPAR improved in all regions except for Europe which fell by 2.9% due to the drop in occupancy. RevPAR for London was down by 4.5% and Rest of Europe down by 0.6%.

M&C has received building permit approval for its Yangdong development project in Seoul. It intends to commence construction after fine-tuning the design for optimal efficiency. For its 35,717 sqm mixed-use freehold landsite at Sunnyvale, California, M&C plans to start construction in 2018 and expects to take about 18 months to complete the project.

For asset enhancement works, phased refurbishment work on Millennium Hotel London Mayfair commenced in Q4 2017 and is scheduled to complete in Q2 2019, while refurbishment of Millennium Hotel London Knightsbridge is planned to commence in 2019. The refurbishment of 260 deluxe guest rooms in the Orchard Wing of Orchard Hotel Singapore is re-scheduled to commence in 2H 2018 to accommodate customer demand. In addition, enhancement works are planned for the lobby area and F&B outlets at the ground level. The hotel's Hua Ting Restaurant re-opened on 7 December 2017. In Kuala Lumpur, the final phase of the refurbishment of Grand Millennium Kuala Lumpur, involving the guest rooms at levels 7 and 8, is under review.

In October 2017, the 190-room M Social Auckland (previously known as Copthorne Hotel Auckland Harbourcity) opened its doors and has enjoyed keen demand due to its innovative design, social spaces and service ethos. The restaurant, Beast and Butterflies, has recently won several awards.

On the acquisition front, M&C's REIT associate, CDL Hospitality Trusts (CDLHT), completed the acquisition of the 165-room The Lowry Hotel in Manchester in May 2017 for a purchase consideration of £53 million. In July 2017, it completed the acquisition of an effective interest of 94.5% in the 337-room Pullman Hotel Munich. Including the office and retail components and the fixtures, furniture and equipment used by the hotel, the purchase consideration was €101 million (£89 million). On 11 January 2018, CDLHT completed the divestment of two hotels in Australia, the Mercure Brisbane and Ibis Brisbane for A$77 million (£45 million) to an independent third party.

M&C's JV partners and associate, Singapore-listed First Sponsor Group Limited (FSGL) has also expanded its global network through two strategic acquisitions in Europe. On 11 January 2018, FSGL, in partnership with the Group and another one of FSGL's substantial shareholders, acquired the 300-room Le Méridien Frankfurt hotel for €79 million (£70 million), excluding certain transaction related expenses. The property is currently operated by a tenant. This was followed by the acquisition of the 254-room Hilton Rotterdam Hotel in the Netherlands on 1 February 2018. Together with four other co-investors, FSGL acquired all the issued shares of Hotelmaatschappij Rotterdam B.V – the owner of the property – for €51 million (£45 million). FSGL is helmed by a management executive that was transferred from the Group's parent, Hong Leong Group, and together with partner Tai Tak Estates, they have in-depth understanding of the European market. The Group is pleased to partner with them in seeking new opportunities.

On 1 February, M&C announced its acquisition of the 42-room The Waterfront Hotel in New Plymouth, New Zealand, for a purchase consideration of NZ$11 million (£6 million). The hotel will be rebranded a Millennium hotel in Q2 2018.

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 third quarter and nine months ended 30 September 2017.

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

Singapore

For 2017, Singapore's economy expanded by 3.6% year-on-year, boosted by the manufacturing sector. This was higher than the 2.4% growth in 2016 and exceeding initial forecasts. The construction sector contracted by 8.4%, a reversal of the 1.9% growth in 2016, due to fewer private sector projects and is likely to remain lacklustre in 2018. Against the external backdrop of downside risks in the global and domestic environment, the pace of growth in 2018 is expected to be moderated but remain firm at between 1.5% and 3.5%, likely above the middle of this forecast range.

In the recent Singapore Budget 2018, the Government increased the Buyers' Stamp Duty (BSD) by 1% (from 3% to 4%) for homes valued above S$1 million. The Government has clarified that this marginal increase is part of its progressive tax system for generating revenue; it is not a new property cooling measure. On the whole, the Group is of the view that the higher BSD is unlikely to significantly affect the mass market residential segment. For luxury projects, the Group believes that discerning buyers will see the strong potential of property investment in Singapore compared to other global cities like Hong Kong where prices have increased significantly.

Sounding caution over the exuberant en bloc market and with significant supply ahead, the MAS also indicated the Government will monitor and take appropriate measures. The Group fully acknowledges MAS's concerns and believes it is more important than ever for developers to carefully select the right sites with strong attributes such as location, size, accessibility and tenure. While the upcoming supply may be quite substantial and rising mortgage rates can influence buying decisions, it really depends on the annual take-up rates for residential units and how the general economy does which will affect the property market.

Land is the most crucial raw material for developers and in land scarce Singapore, land prices continue move upwards as seen in the high land bids and intense competition for Government Land Sales (GLS) and collective sales, where new price benchmarks are continuously set. Land banking in Singapore is somewhat prohibitive given stiff penalties imposed on developers. All developers are subject to the additional buyer's stamp duty (ABSD) where all units in GLS or en bloc sites must be completed and fully sold within five years or face ABSD penalties. Additionally, the Qualifying Certificate (QC) rules (which apply to non GLS sites) are also imposed on listed developers (because of foreign ownership regardless of the percentage of shareholdings) where their developments are required to obtain TOP within 5 years and all units sold within two years from the date of TOP failing which escalating penalties are payable. The Group is of the view that the QC policy places listed developers, which includes locally-controlled companies, in a disadvantaged position. The double penalties of ABSD and QC prevents land banking options for listed property companies. Moreover, developers are now obliged to push out their projects quickly which may lead to an oversupply situation if the economy does not grow in tandem with the property market. To balance supply and demand, the Group hopes that the Government will review the QC policy as it is an impediment which has resulted in the rush to bid up land prices, as land must be acquired and then developed within a limited period, rather than being held on balance sheet over the longer-term, which would moderate escalating land prices. Ultimately, all stakeholders need to work towards a sustainable property market, and the Group believes that the Government will remain nimble and make the necessary tweaks to the policies when the need arises.

Urban Redevelopment Authority (URA) data indicated that private residential property prices increased by 1.1% compared with the 3.1% decline in 2016. Notably, after 15 consecutive quarters of decline from Q3 2013 to Q2 2017, prices started to inch up in the last two quarters of 2017, signalling that prices may have bottomed.

With property prices rebounding after a four-year bear market coupled with increased sales volume, the boost in market sentiment points to a likely recovery of the residential market. The improved market sentiment has resulted in a positive spill over to the EC market and a revival of the collective sales market. Residential collective sales hit a record high of $7.64 billion as at December 2017.

For the whole of 2017, developers sold 10,566 private residential units (excluding ECs), compared with 7,972 units in 2016, a 32.5% increase. This far surpasses the annual average of 7,576 units sold in the past three years from 2014 to 2016. With the increased take-up rate, the Group's inventory of launched residential projects as of end 31 December 2017 remains low with a total of 232 unsold units (including JV share) and 178 units (the Group's share of unsold inventory) (FY 2016: Total 1,299 unsold units / 737 unsold units – the Group's share).

In view of the improving market conditions, the Group soft launched Phase 1 of New Futura in January 2018 comprising 64 units in the South Tower. The response was overwhelming. To date, 48 units (or 75% of the South Tower) have been sold at an average selling price of over $3,200 psf. A third of the buyers are Singaporeans while two thirds are Singapore Permanent Residents and foreigners. This 124-unit freehold condominium perched on Leonie Hill Road is just a 10-minute walk to Orchard Road. Designed by famous architectural firm Skidmore, Owings & Merrill LLP (SOM), the two 36-storey iconic towers are cladded in dynamic curved balconies with six sky terraces offering panoramic views of the city. This is the Group's most luxurious project to date.

In March 2018, the Group is planning to launch The Tapestry, a new 861-unit condominium located along Tampines Avenue 10, just minutes to the established Tampines Regional Centre and newly completed Our Tampines Hub. Residents are well-connected islandwide via two MRT lines – Tampines East West Line and new Downtown Line, and the Tampines Bus interchange. The development offers over 50 facilities spread across 10 exciting zones, including a childcare centre and exclusive residential services to assist with everyday needs. All units are fitted with smart home technologies and a wide selection of one to five-bedrooms units with efficient layouts are available.

The Group has always been careful and prudent in its land banking approach and will continue to do so with cautious optimism. It will remain highly disciplined, selective and strategic when participating in GLS sites and en bloc tenders. To replenish its landbank, the Group has remained active in bidding for strategic prime sites. In February 2018, it successfully won two Government Land Sales (GLS) sites.

The first site is at Handy Road / Mount Sophia which was tendered for $212.2 million or $1,722 psf ppr. Located in prime District 9, the 51,626 sq ft site is in a mature and highly sought-after enclave. The site is 50 metres from Dhoby Ghaut MRT station, a triple line interchange which connects the North-East, North-South and Circle Lines. It is also within a short five-minute drive to the CBD, Marina Bay Financial District and Orchard Road Shopping Belt, and close to shopping amenities and prominent schools. The Group intends to develop three 8 to 10-storey residential towers with around 200 apartments. It is exploring affordably-sized units to target professionals. The beautiful conserved building at the hilltop will be converted into clubhouse for the condominium.

The other site is West Coast Vale, tendered at $472.4 million or $800 psf ppr, only 0.7% above the next highest bidder. Spanning across a large land area of 210,883 sq ft, the expansive site allows for generous landscaping and offers views of the Sungei Ulu Pandan river and low-rise landed houses. Situated within the established West Coast residential neighbourhood, the site enjoys close proximity to One-North and the upcoming Jurong Lake District, identified as the second CBD of Singapore by the government. Furthermore, it is also close to the upcoming High Speed Railway which will connect Singapore to Kuala Lumpur in just 90 minutes. Providing convenient accessibility, the site is served by several feeder buses to Clementi Bus Interchange and Clementi MRT station, and reputable schools nearby. The Group is planning to develop two 36-storey residential towers with about 730 apartment units.

Overall, the Group has secured four site acquisitions since 2017, namely Tampines Ave 10 (May 2017), Amber Park site (October 2017), Handy Road / Mount Sophia site and West Coast Vale (both in February 2018). Since its successful acquisitions, aggressive land bids have continued to drive up the premium for land. Collectively, these four newly acquired sites, together with the Group's existing sites, will offer a pipeline of around 2,750 new residential units. As Singapore's residential market begins to gradually recover, the Group will continue to seek suitable opportunities to increase its local land bank.

On 27 February 2018, the Group and its JV partner made the highest bid of $509.37 million (or $583 psf ppr) for a 99-year leasehold EC site at Sumang Walk in Punggol Town. There were 17 bids and the Group's JV bid topped the hotly contested tender by a 4.8% margin versus the second highest bid. The expansive 291,235 square feet (sq ft) site with a plot ratio of 3.0 has excellent locational attributes. Residents will enjoy waterfront living with the site situated right next to My Waterway@Punggol, which is part of the North Eastern Riverine Cycling Park Connector green corridor. Providing ease of transport, the site is within 100 metres to Sumang LRT station and 550 metres to Punggol MRT/LRT station and bus interchange. Nearby amenities such as Waterway Point, Punggol Plaza and Seletar Mall provide comprehensive shopping, dining and entertainment options.

In addition, more than 10 primary schools are located within a 2-kilometre radius of the site, including the popular Mee Toh School and Horizon Primary School. Punggol Town will also be home to the Singapore Institute of Technology's new campus. Moreover, the URA has recently announced that Punggol will be Singapore's first Digital District, integrating business and education, and driven by technology, social and urban innovation. This district will include sectors of the digital economy such as cyber security, artificial intelligence and Internet of Things (IoT) which will drive Singapore's Smart Nation initiative.

If awarded the site, the JV will explore an EC project comprising 13 blocks of 10 to 17 storeys with about 820 units. The Group is familiar with the area, having developed H_2O Residences in the nearby Fernvale area. The Sumang Walk site will be the Group's ninth EC project, after The Florida, Nuovo, The Esparis, Blossom Residences, The Rainforest, Lush Acres, The Brownstone and The Criterion.

For the office sector, after nine consecutive quarters of decline, Central Area office rents appear to have hit the trough, with Q3 2017 data showing upward movement registering a 2.4% increase. This momentum continued into Q4 2017, with rents recording a 2.6% quarter-on-quarter increase. While a return to strong demand may take some time, the overall outlook for the office sector has improved, with an increase in office development activity as well as strong participation and competitive bids for a vacant large commercial site under the GLS programme. The general consensus is that there will be an upswing in rents in 2018. For the whole of 2017, prices of office space decreased by 2.4% while rentals of office space increased by 0.4%. The main contributors to this trend were from the co-working and technology sectors which were most active in terms of expansion.

It is notable that the overall recovery in CBD rents extended into the third consecutive quarter in Q4 2017. Active demand has resulted in several of the new buildings being well taken up. Office supply has peaked and is expected to taper off and dry-up by 2017. The limited supply in 2018, together with a more positive economic outlook, is expected to provide the impetus for rents to continue the trend upwards. Many tenants are expediting their decisions on premises planning in order to lock in renewals well ahead of their leases' expiry. As private office space in the pipeline decreases progressively from 2018 to 2019, the Group, as a major landlord, remains optimistic of rental growth potential in the foreseeable future.

Overseas Markets

The Group is cognisant of the importance of diversification into overseas markets. Since 2010, the Group had expanded into China, UK, Australia and Japan on the property development front and continues to seek opportunities in these markets.

China – Although China's property market is currently facing some headwinds due to the PRC government's cooling measures, and tighter financing for both developers and buyers, the Group's outlook on China is still very positive for the medium to longer term and the Group's financial prowess will be an advantage.

UK – The uncertainties of Brexit, the prospect of increased interest rates to curb inflation and the high Stamp Duty Land Tax (SDLT) has kept the general housing market subdued. The Group continues to remain confident in the UK's future and the property market in the medium to long-term.

Japan – The property market in Japan has performed well due to the Bank of Japan's favourable monetary policy which generated a positive financing environment and helped to maintain investors' strong appetite for real estate. It was also lifted by the considerable number of ongoing, large-scale projects in major cities and a high level of spending by foreign tourists.

Australia – The Australian government continued to keep a close eye on the housing market with a focus on rising indebtedness and maintained measures to tighten credit. Increased stamp duties on foreign buyers have also helped to stabilise the overall housing market.

Against this backdrop, the Group remains cautiously optimistic and opportunistic, and will continue to explore new property acquisitions, strategic investments and partnerships to grow its presence in these markets. The Group is highly nimble and well-funded and can swiftly seize available opportunities.

Hotel

On a constant currency basis, global RevPAR was up by 3.6% for January 2018. On a like-for-like basis, overall global RevPAR increased by 4.0%, with London up 0.9%, Rest of Europe up 0.2% and Australasia up by 9.9%.

To keep pace with guest expectations, M&C expects to make significant capital investment for a much-needed transformation to reposition its hotel portfolio. Increased expenditure on both maintenance and product improvement will therefore be necessary for M&C to stay relevant and competitive.

Lapsed Offer for M&C

On 9 October 2017, The Group made a Rule 2.4 announcement on the London Stock Exchange on the financial terms of a possible recommended offer for shares in M&C which it does not currently own. A further Rule 2.4 announcement was issued on 19 October 2017 providing further details of the possible recommended cash offer.

On 8 December 2017, CDL announced its increased recommended final cash offer of 620 pence a share (comprising 600 pence a share, in addition to a special dividend of 20 pence per share).

The final offer lapsed on 26 January 2018 at 1300 GMT after it did not meet the requisite acceptance condition from M&C's minority investors.

One of the key contention by some of the minority investors was that they believed M&C should be valued based on NAV and not by EBITDA, which is traditionally used for hotel earnings. This argument is at odds with the current practice for evaluating hotel asset portfolios where hotels are typically valued on EBITDA and cash flow. Moreover, the NAV valuation has never been the basis on which the market has valued M&C.

The Group respects the decision by M&C's minority shareholders in the lapsed offer and remains committed to maintaining its controlling shareholding in M&C, supporting M&C's strategy as a hotel owner and operator. The Group is fully prepared for M&C to address the operating challenges and with all M&C shareholders, share the burden of the significant capital expenditure required to improve the hotels' performance, in line with its competitors.

Management Appointments

On 1 January 2018, Mr Sherman Kwek assumed the role of Chief Executive Officer (CEO) and was re-designated as Group CEO on 1 February 2018. During his tenure with the Group, Mr Kwek has held the roles of CEO of CDL China Limited, Chief Investment Officer, Deputy CEO and finally CEO-Designate before transitioning to his current role.

On 1 February 2018, the Group announced the appointment of investment veteran Mr Frank Khoo as its Group Chief Investment Officer. Mr Khoo has over 20 years of international experience in fund management, private equity, acquisition of real estate assets and the repositioning and restructuring of real estate businesses. In his previous organisation, he built the Asian business from scratch and eventually achieved a total AUM of $10 billion. Leveraging on Mr Khoo's expertise and the Group's reputation for good execution in real estate development and investment, the Group intends to accelerate the momentum of its investments and to build up its fund management business to enhance its recurring income streams.

Group Prospects

Going forward, the Group CEO's key themes for the Group will be on growth, enhancement and transformation.

To drive growth, the Group will look to its property development business, particularly in Singapore where the upturn in the property cycle is only just beginning. Singapore is a market that the Group knows intimately well, having operated here for over 50 years, and it is well poised with around 2,750 residential units in the pipeline across mass, mid- and high-end segments. It will continue to seek strategic bids to bolster the Group's local landbank but will remain highly selective and disciplined. There will also be a strong focus on boosting the Group's recurring income so as to have a strong base to rely on. This will likely come in the form of offices and hotels. For its key overseas markets, the Group will similarly look towards accelerating its presence in the residential and commercial asset classes.

To enhance the performance of its existing portfolio, the Group will analyse and implement new asset enhancement initiatives, redevelopments, repositionings and better leasing strategies. For the development side of the business, there will also be much greater emphasis on execution to achieve higher operational efficiency and deliver a better product to its home buyers. As the hotel operations segment is a key contributor to the Group's recurring income stream, the Group will continue to impress upon M&C the critical need to improve its performance and to expedite the AEI initiatives for the hotels to remain competitive.

In order to transform the Group, constant innovation will be key to staying relevant and avoiding disruption. Aside from internal innovation efforts, this will also include investments in new economy or technology ventures that will transform the Group's key product offerings and services. The Group will also accelerate the fund management initiatives described earlier and remain in an acquisitive mode to seize good opportunities that are accretive to its portfolio.

In this era of digital economy, technology and database are very important tools. Every organisation must continually renew and transform itself with fresh perspectives, achieve greater product differentiation in the marketplace, raise the bar with innovative offerings and embrace technology to reinvent itself.

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 tax-exempt (one-tier) special interim ordinary dividend to ordinary shareholders and non-cumulative preference dividends to holders of City Developments Limited Non-redeemable Convertible Non-cumulative Preference Shares ("Preference Shares").

Name of Dividend	Tax exempt (One-tier) Special Interim Ordinary Dividend	Tax exempt (One-tier) Preference Dividend	
Date of Payment	13 September 2017	30 June 2017	2 January 2018
Dividend Type	Cash	Cash	Cash
Dividend Amount (in cents)	4.0 cents per Ordinary Share	1.93 cents per Preference Share^	1.97 cents per Preference Share^
Dividend rate (in %)	N.A.	3.9% per annum on the issue price of each Preference Share	3.9% per annum on the issue price of each Preference Share
Dividend Period	N.A.	From 31 December 2016 to 29 June 2017 (both dates inclusive)	From 30 June 2017 to 30 December 2017 (both dates inclusive)
Issue Price	N.A.	$1.00 per Preference Share	$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.*

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 25 April 2018, the following Ordinary dividend has been proposed:

Name of Dividend	Proposed Tax-exempt (One-tier) Final Ordinary Dividend	Proposed Tax-exempt (One-tier) Special Final Ordinary Dividend
Dividend Type	Cash	Cash
Dividend Amount (in cents)	8.0 cents per Ordinary Share	6.0 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.

	Tax exempt (One-tier) Preference Dividend	
Date of payment	30 June 2016	3 January 2017
Dividend type	Cash	Cash
Dividend amount (in cents)	1.94 cents per Preference Share^^	1.96 cents per Preference Share^^
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2015 to 29 June 2016 (both dates inclusive)	From 30 June 2016 to 30 December 2016 (both dates inclusive)
Issue price	$1.00 per Preference Share	$1.00 per Preference Share

Name of Dividend	Tax-exempt (One-tier) Special Interim Ordinary Dividend	Tax-exempt (One-tier) Final Ordinary Dividend	Tax-exempt (One-tier) Special Final Ordinary Dividend
Date of payment	9 September 2016	22 May 2017	22 May 2017
Dividend Type	Cash	Cash	Cash
Dividend Amount (in cents)	4.0 cents per Ordinary Share	8.0 cents per Ordinary Share	4.0 cents per Ordinary 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 366 days.*

(c) Date payable

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 25 April 2018, the proposed final and special final Ordinary dividends for financial year ended 31 December 2017 will be payable on 23 May 2018.

(d) Books Closure Date

5.00pm on 2 May 2018.

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 for FY 2017 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: $684,216.00 (a) Provision of cleaning services to interested persons (b) Lease of premises to interested persons **Total: $684,216.00**
Directors and their immediate family members	Nil

14. 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			
	Fourth Quarter Ended 31 December		Full Year Ended 31 December	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Revenue				
Property Development	759,436	598,156	1,652,690	1,744,706
Hotel Operations*	450,220	443,676	1,694,232	1,633,705
Rental Properties	86,113	88,684	346,898	366,886
Others	31,907	36,446	134,801	160,156
	1,327,676	**1,166,962**	**3,828,621**	**3,905,453**
Profit/(Loss) before tax**				
Property Development	193,042	242,598	444,822	519,705
Hotel Operations	1,236	(9,251)	148,537	115,752
Rental Properties	39,732	100,812	168,229	207,259
Others	5,135	(2,659)	18,858	71,273
	239,145	**331,500**	**780,446**	**913,989**

** Revenue from hotel operations includes room revenue of $1,148.5 million (FY 2016: $1,089.1 million) for FY 2017 from hotels that are owned by the Group.*

****** *Includes share of after-tax profit of associates and joint ventures.*

Segmental results for full year ended 31 December

	Property Development S$'000	Hotel Operations S$'000	Rental Properties S$'000	Others S$'000	Total S$'000
2017					
External revenue	**1,652,690**	**1,694,232**	**346,898**	**134,801**	**3,828,621**
Results					
Profit from operations	423,868	179,272	185,492	11,194	799,826
Share of after-tax profit/(loss) of associates and joint ventures	37,364	(4,824)	5,164	7,830	45,534
Profit before tax and net finance costs	461,232	174,448	190,656	19,024	845,360
Finance income	38,551	6,512	3,143	4,583	52,789
Finance costs	(54,961)	(32,423)	(25,570)	(4,749)	(117,703)
Net finance costs	(16,410)	(25,911)	(22,427)	(166)	(64,914)
Reportable segment profit before tax	**444,822**	**148,537**	**168,229**	**18,858**	**780,446**
2016					
External revenue	**1,744,706**	**1,633,705**	**366,886**	**160,156**	**3,905,453**
Results					
Profit from operations	459,745	159,526	226,817	77,537	923,625
Share of after-tax profit/(loss) of associates and joint ventures	89,610	(22,117)	7,868	(4,861)	70,500
Profit before tax and net finance costs	549,355	137,409	234,685	72,676	994,125
Finance income	30,705	6,094	4,660	2,040	43,499
Finance costs	(60,355)	(27,751)	(32,086)	(3,443)	(123,635)
Net finance costs	(29,650)	(21,657)	(27,426)	(1,403)	(80,136)
Reportable segment profit before tax	**519,705**	**115,752**	**207,259**	**71,273**	**913,989**

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 increased by $161.2 million to $759.4 million (Q4 2016: $598.2 million) for Q4 2017 but decreased marginally by $92.0 million to $1,652.7 million (FY 2016: $1,744.7 million) for FY 2017.

Pre-tax profits decreased by $49.6 million to $193.0 million (Q4 2016: $242.6 million) for Q4 2017 and $74.9 million to $444.8 million (FY 2016: $519.7 million) for FY 2017.

Projects that contributed to both revenue and profit for 2017 include Coco Palms, D'Nest, The Venue Residences and Shoppes, Gramercy Park, Hongqiao Royal Lake, Hong Leong City Center and The Brownstone EC. In accordance with the Group's policy of equity accounting for the results of its joint ventures, the Group's share of profits arising from the joint venture developments had been included in pre-tax profit.

The increase in revenue for Q4 2017 was primarily due to the full revenue recognition from The Brownstone EC, which obtained TOP in October 2017 coupled with higher contribution from Gramercy Park. Under prevailing accounting standards, both revenue and profit for EC are recognised in entirety upon TOP. The above increase was however partially offset by lower contribution from Hong Leong City Center, The Venue Residences, Coco Palms and D'Nest.

The small decline in FY 2017 revenue was attributable to absence of revenue recognition from Lush Acres EC (TOP in Q2 2016) and Jewel@Buangkok (TOP in Q3 2016), coupled with lower contribution from Hong Leong City Center, Coco Palms and D'Nest. The decrease was however substantially mitigated by the recognition from The Brownstone EC and higher contribution from Gramercy Park.

Despite the steady performance in revenue, lower pre-tax profits for Q4 2017 and FY 2017 were reported as 2016 benefited from higher contribution from better profit margin projects including Coco Palms, D'Nest and Lush Acres EC, together with maiden contribution from Hong Leong City Center, gain recognised from dilution of FSGL's interest in Star of East River project in Dongguan and recapitalisation of Summervale Properties Pte. Ltd via the Group's PPS 3. In addition, the absence of share of contribution from its joint venture projects, namely, Bartley Ridge and Echelon, both completed in Q3 2016, also attributed to the decline in FY 2017. Included in Q4 2017 and FY 2017 pre-tax profits were write-back of foreseeable losses for certain residential projects following the improving Singapore residential market sentiment and gain of $55.5 million recorded from the partial divestment of the Group's interest in CQEL and CQHHY which partially cushioned the decrease for 2017.

Hotel Operations

Revenue for this segment remained stable at $450.2 million (Q4 2016: $443.7 million) for Q4 2017 but increased by $60.5 million to $1,694.2 million (FY 2016: $1,633.7 million) for FY 2017.

This segment reported a pre-tax profit of $1.2 million (Q4 2016: pre-tax loss of $9.3 million) for Q4 2017 and an increase of $32.7 million to $148.5 million (FY 2016: $115.8 million) for FY 2017.

The increase in revenue for FY 2017 were primarily due to full year contribution from Grand Millennium Auckland and M Social Singapore which were added to the Group's hotel portfolio in 2016, and Millennium Hilton New York One UN Plaza (re-opened in September 2016 after refurbishment). In October 2017, the 190-room new M Social Auckland was also opened. However, the much weaker Sterling Pound against Singapore dollar in current year continued to have negative impact on Q4 2017 and FY 2017 performance when M&C's hotel revenue denominated in Sterling Pound was consolidated to the Group, which its reporting currency is Singapore Dollar.

The improved performance in pre-tax profits for Q4 2017 and FY 2017 was attributable to a myriad of factors including increase in hotel revenue contribution, lower operating expenses incurred by JW Marriott Hotel Singapore South Beach (closed for six months in 2016 for rebranding exercise) and M Social Singapore (opened in Q3 2016), partially offset by higher impairment loss of $49.2 million (Q4 2016: $38.3 million). Further, the increase in pre-tax profits of FY 2017 was attributable to write-back of impairment loss of $22 million previously made on shareholder loans advanced to Fena in Q2 2017 following M&C's disposal of its 50% interest in Fena in July 17 for a token consideration and repayment of the shareholder loans. M&C reversed the impairment loss recognised to the extent of the shareholder loans recovered. Albeit higher revenue, the New York hotels remained loss-making due to high operating costs led by union driven wage increases and higher travel agent commissions. For UK hotels, particularly London, results were impacted by increased security costs following terrorist attacks, coupled by pressure on labour supply affected by minimum wage legislation.

Rental Properties

Revenue for this segment decreased by $2.6 million to $86.1 million (Q4 2016: $88.7 million) for Q4 2017 and $20.0 million to $346.9 million (FY 2016: $366.9 million) for FY 2017.

Pre-tax profits for this segment decreased by $61.1 million to $39.7 million (Q4 2016: $100.8 million) for Q4 2017 and $39.1 million to $168.2 million (FY 2016: $207.3 million) for FY 2017.

The decreases in revenue for Q4 2017 and FY 2017 were largely due to the absence of rental income following the disposal of equity interest in Exchange Tower Limited, which owned a commercial building, in October 2016, and the full year closure of Le Grove Serviced Apartments for a major revamp. These decreases were partially offset by maiden contribution from Pullman Hotel Munich, acquired by CDLHT in July 2017.

The decreases in pre-tax profits for Q4 2017 and FY 2017, in-line with lower revenue achieved, were mainly due to the absence of gain recorded on sale of equity interest in Exchange Tower Limited (disposed in Q4 2016). Further, FY 2017 pre-tax profits was impacted by exchange losses recognised by CDLHT mainly from repayment of New Zealand dollar denominated intercompany loan. However, gain recorded from the disposal of an old office building in Osaka in Q3 2017 had mitigated the decline for FY 2017.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, decreased by $4.5 million to $31.9 million (Q4 2016: $36.4 million) for Q4 2017 and $25.4 million to $134.8 million (FY 2016: $160.2 million) for FY 2017. The decrease in Q4 2017 was mainly due to lower project management fee earned. The decrease in FY 2017 were largely due to lower building maintenance contracts and project management fees, coupled with absence of hospitality income following the sale of the Group's entire 52.52% interest in CES in July 2016.

This segment reported a pre-tax profit of $5.1 million (Q4 2016: pre-tax loss of $2.7 million) for Q4 2017 and pre-tax profit decreased by $52.4 million to $18.9 million (FY 2016: $71.3 million) for FY 2017.

For Q4 2017, pre-tax profit was attributable to higher share of profit from FSGL mainly boosted by its property financing business in which it recorded net penalty interest income in 2017 from successful enforcement action for one of the defaulted loans.

The significant decrease for FY 2017 was largely due to gain recorded in Q3 2016 from the disposal of equity interest in CES and lower profit recognised in 2017 from realisation of investments in Real Estate Capital Asia Partners (private real estate funds), partially offset by higher share of profit from FSGL's property financing operations.

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 2017 S$'000	Full Year 2016 S$'000
Ordinary	72,744	72,744
Special	90,930	72,744
Preference	12,904	12,922
Total	**176,578**	**158,410**

The tax-exempt (one-tier) final ordinary dividend and tax-exempt (one-tier) special final ordinary dividend for the year ended 31 December 2017 of 8.0 cents and 6.0 cents respectively per ordinary share are 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 2017.

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

	2017 S$'000	2016 S$'000	Incr/(Decr) %
a) **Revenue**			
- First half	1,637,836	1,815,678	(10)
- Second half	2,190,785	2,089,775	5
	3,828,621	3,905,453	(2)
b) **Operating profit after tax before deducting non-controlling interests**			
- First half	253,833	291,407	(13)
- Second half	421,127	471,152	(11)
	674,960	762,559	(11)

18. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

19. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.

City Developments Limited ("CDL") and the following principal subsidiaries:

- M&C REIT Management Limited ("M&CREIT"), manager of CDL Hospitality Real Estate Investment Trust ("H-REIT")
- M&C Business Trust Management Limited ("M&CBTM"), trustee-manager of CDL Hospitality Business Trust ("HBT")
- Millennium & Copthorne International Limited ("MCIL")
- CDL China Limited ("CDL China")

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Kwek Leng Beng	77	Cousin of Mr Kwek Leng Peck, a Director of CDL. Father of Mr Sherman Kwek Eik Tse, the Group Chief Executive Officer of CDL.	<u>CDL</u> Executive Chairman of CDL since 1 January 1995, having overall executive responsibility for the business direction, strategies, and management of the CDL group of companies.	No change
Mr Sherman Kwek Eik Tse	41	Son of Mr Kwek Leng Beng, the Executive Chairman of CDL. Nephew of Mr Kwek Leng Peck, a Director of CDL.	<u>CDL</u> Appointed Chief Executive Officer-Designate with effect from 11 August 2017 and thereafter as Chief Executive Officer with effect from 1 January 2018. Mr Sherman Kwek is responsible for providing leadership to drive the pursuit of the Group's strategic objectives, implementing the business strategies and decisions of the Board and having overall executive responsibility for the Group's businesses. As the responsibility relates to the Group, this position was re-designated as Group Chief Executive Officer on 1 February 2018. <u>CDL China</u> Designated as Executive Chairman of CDL China on 11 April 2016, with overall executive responsibility for CDL China's investments and operations.	Mr Kwek relinquished his position as Deputy Chief Executive Officer on 11 August 2017 to assume the position of Chief Executive Officer-Designate. Mr Kwek took over the full responsibility as Chief Executive Officer with effect from 1 January 2018 (which position was re-designated as Group Chief Executive Officer on 1 February 2018).

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Kwek Eik Sheng	36	Nephew of Mr Kwek Leng Beng, the Executive Chairman of CDL, and Mr Kwek Leng Peck, a Director of CDL. Cousin of Mr Sherman Kwek Eik Tse, the Group Chief Executive Officer of CDL.	CDL Appointed Chief Strategy Officer of CDL on 14 April 2014, Mr Kwek Eik Sheng supports the Group Chief Executive Officer of CDL in investment analysis and formulation of business strategies to explore new sectors for growth and to drive increased corporate efficiency and innovation.	As the responsibility relates to the Group, the position of Chief Strategy Officer was re- designated as Group Chief Strategy Officer on 1 February 2018.
Mr Vincent Yeo Wee Eng	49	Nephew of Mr Kwek Leng Beng, the Executive Chairman of CDL, and Mr Kwek Leng Peck, a Director of CDL. Cousin of Mr Sherman Kwek Eik Tse, the Group Chief Executive Officer of CDL.	M&CREIT/M&CBTM Director and Chief Executive Officer of M&CREIT (as manager of H-REIT) and M&CBTM (as trustee-manager of HBT) with effect from 17 May 2006 and 19 July 2006 respectively. Responsible for working within the M&CREIT and M&CBTM Boards and as CEO of M&CREIT and M&CBTM to develop and implement the overall business, investment and operational strategies for H-REIT and HBT.	No change
Mr Chia Fook Fie	69	Brother-in-law of Mr Kwek Leng Peck, a Director of CDL.	MCIL Director of Procurement, MCIL, overseeing the operations in the central procurement office since February 2002.	N.A.

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
28 February 2018