



CAPITAMALLS ASIA LIMITED

凱德商用產業有限公司*

(Singapore Company Registration Number: 200413169H)
(Incorporated in the Republic of Singapore with limited liability)

**SECONDARY LISTING BY WAY OF INTRODUCTION
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Stock Code: 6813

Joint Sponsors



J.P.Morgan

* For identification purpose only

IMPORTANT

If you are in any doubt about any of the contents of this listing document, you should obtain independent professional advice.



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This listing document is published in connection with the secondary listing by way of introduction (the "Listing") on the main board of the HKEx of the entire issued share capital of CapitaMalls Asia Limited (the "Company"). The Company is presently listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). This listing document contains particulars given in compliance with the Rules Governing the Listing of Securities on the HKEx and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to the Company and its subsidiaries.

This listing document does not constitute an offer of, nor is it calculated to invite offers for, the shares or other securities of the Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to or subscription by members of the public. No shares in the share capital of the Company (the "Shares") will be allotted and issued in connection with, or pursuant to, the publication of this listing document.

Information regarding the proposed arrangement for the secondary listing and registration of and for dealings and settlement of dealings in the Shares following the Listing is set out in the section headed "Listings, Registration, Dealings and Settlement" of this listing document.

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EXPECTED TIMETABLE⁽¹⁾

We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Listing.

Commencement of investor education activities

as described in the section headed “Listings,
Registration, Dealings and Settlement”

in this listing document, for example: Friday, September 30, 2011

- (i) posting on the Company’s website of information about the Company, its historical financial information and the Share transfer procedures (in English only)
- (ii) dissemination of electronic copies of this listing document through the websites of the Company, the HKEx and the SGX-ST
- (iii) making available for collection of physical copies of this listing document

Daily announcement released on the HKEx and

the SGX-ST, disclosing previous day closing price of the Shares on the SGX-ST, and development and updated, if any, with regard to the bridging arrangements described in the section headed “Listings, Registration,

Dealings and Settlement” in this listing document Thursday, October 13, 2011

Friday, October 14, 2011

Monday, October 17, 2011

and not later than 8:30 a.m.

on Tuesday, October 18, 2011

Dealings in Shares on the HKEx expected to commence at 9:00 a.m. on

Tuesday, October 18, 2011

Note:

- (1) All times and dates refer to Hong Kong local time and dates except where otherwise stated. Details of the Listing, including its conditions, are set out in the section headed “Information about this Listing Document and the Listing” of this listing document.

CONTENTS

IMPORTANT NOTE

You should rely only on the information contained in this listing document to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this listing document.

Any information or representation not included in this listing document must not be relied on by you as having been authorised by us, the Joint Sponsors, any of our or their respective directors or any other person or party involved in the Listing.

Please note that the totals set out in the tables in this listing document may differ from the sum of individual items in such tables due to rounding.

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SUMMARY

This summary highlights information contained elsewhere in this listing document and may not contain all of the information that may be important to you or that you should consider before deciding to invest in our Shares. You should read this entire listing document, including our financial statements and related notes and the section entitled "Risk Factors," before making a decision to invest in our Shares.

OVERVIEW

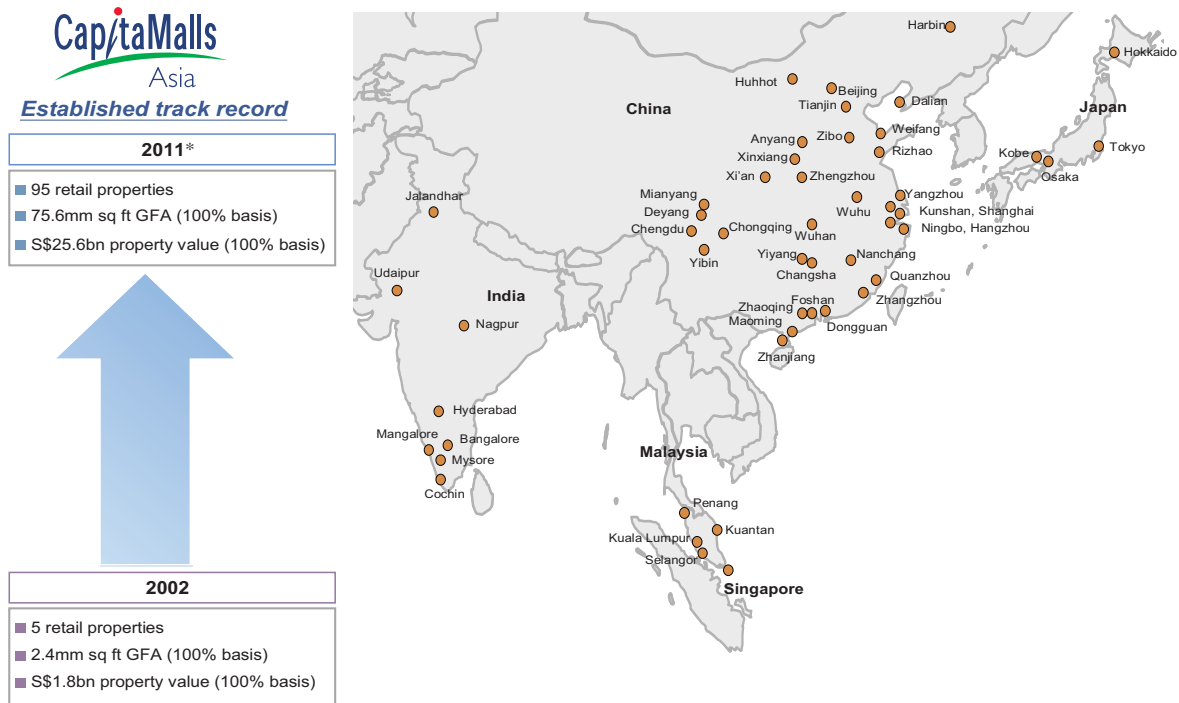
Who We Are: A Leading Integrated Shopping Mall Developer, Owner and Manager in Asia

We believe that we are one of the largest listed "pure-play" shopping mall developers, owners and managers in Asia by total property value of assets and by geographic reach (in terms of number of retail properties and cities).¹ We intend to ride the expected consumption growth in Asia to aggressively expand our portfolio of properties.

We have an integrated shopping mall business model encompassing retail real estate investment and development, shopping mall operations, asset management and fund management capabilities. As of June 30, 2011, we have interests in and/or manage a pan-Asian portfolio of 95 retail properties (of which 70 are completed shopping malls and 25 are in various stages of development) across 50 cities in the five countries of Singapore, China, Malaysia, Japan and India, with a total property value of approximately S\$25.6 billion (US\$20.8 billion) and a total GFA of approximately 75.6 million square feet.

We were listed on the main board of the SGX-ST on November 25, 2009.

An established operator with a pan-Asian footprint across 50 cities in 5 countries – Singapore, China, Malaysia, Japan and India



* As of June 30, 2011. 100% basis refers to the aggregate property values and GFA of the properties in the portfolio, where the property value and GFA of each of the properties is taken in its entirety regardless of the extent of our interest. Effective interest refers to the aggregate property values and GFA that are proportionate to our ownership interest in the properties.

¹ We base this belief on a comparison of listed real estate companies on various stock exchanges across Asia and on our assessment or estimate of these companies' retail gross floor area, of their geographical presence and of the extent to which they act as developers as well as owners and managers of shopping malls.

SUMMARY

The table below shows our portfolio of interests in real estate as of June 30, 2011.

Countries	Number of Retail Properties ⁽¹⁾					Total
	Completed ⁽²⁾	Scheduled for Completion in 2011	Targeted for Completion in 2012	Targeted for Completion in 2013	Targeted for Completion in 2014 and beyond	
Singapore	16	–	2 ⁽³⁾	1	1	20
China	40	4	5	2	3	54
Malaysia	5 ⁽⁴⁾	–	–	–	–	5
Japan	7	–	–	–	–	7
India	2	–	1	2	4	9
Total	70	4	8	5	8	95

Notes:

- (1) Excludes our interest in Horizon Realty Fund, which we do not manage.
- (2) Refers to properties that were completed as of June 30, 2011.
- (3) Includes JCube, which is currently undergoing asset enhancement.
- (4) Includes East Coast Mall. Completion of the acquisition of East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.

The table below shows the number of our properties (a) held through subsidiaries; (b) held jointly with joint venture partners; (c) held through associate entities; and (d) held through investee companies, and, for each of these categories, the total property value and GFA as of June 30, 2011:

	Number of Properties	Property Value (100% Basis) (\$ millions)	Property Value (Effective Interest) (\$ millions)	GFA (100% Basis) (sq.ft. millions)	GFA (Effective Interest) (sq.ft. millions)
Held through subsidiaries ⁽¹⁾	10	1,402.5	1,166.4	8.0	6.8
Held jointly with joint venture partners	3	3,148.5	1,598.5	2.9	1.5
Held through associate entities ⁽²⁾	76	17,117.8	4,771.0	52.0	16.5
Held through investee companies	6	3,953.9	545.5	12.8	1.9
Total	95	25,622.7	8,081.5	75.6	26.8

Notes:

- (1) Includes five shopping malls that are held jointly by us and China Income Fund.
- (2) Includes East Coast Mall in Malaysia. Completion of the acquisition of East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.

Our principal business strategy is to strengthen our market position as a leading developer, owner and manager of shopping malls in Asia. We aim to maintain a balanced real estate investment portfolio of predominantly income-producing shopping malls in the more developed Asian countries, such as Singapore, Malaysia and Japan, to provide income stability, while expanding our portfolio of operating shopping malls and other retail properties under development in China, and pursuing selective developments in Singapore, Malaysia, Japan and India.

Our parent company is CapitaLand, one of Asia's largest real estate companies. Headquartered and listed in Singapore, CapitaLand is a multi-local company with core businesses in real estate, hospitality and real estate financial services.

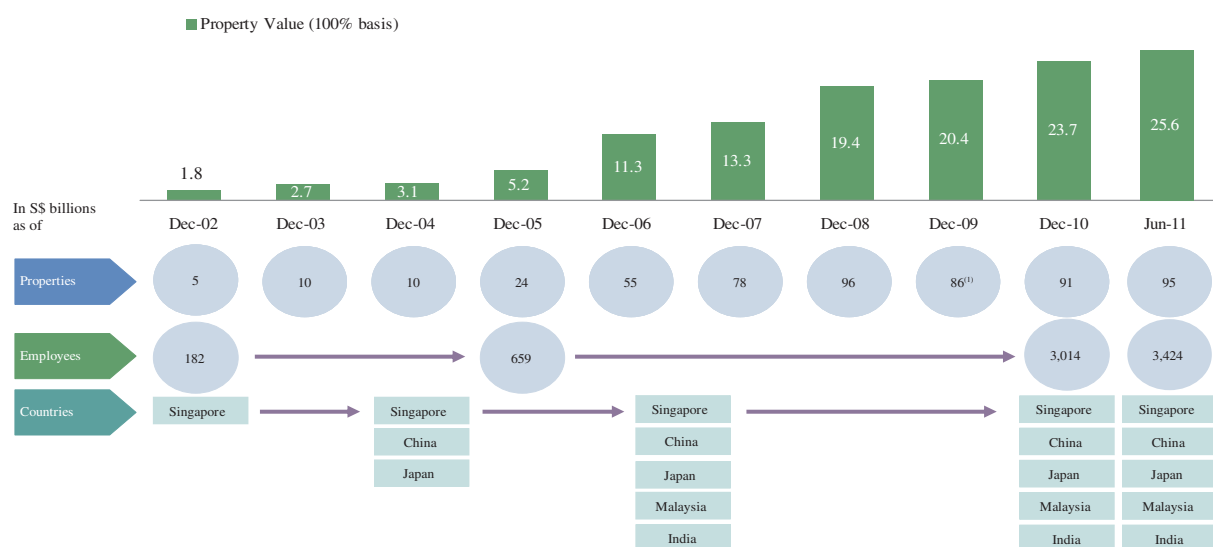
SUMMARY

Our Track Record of Growth

Leveraging on our integrated retail real estate capabilities across all facets of the retail real estate value chain, we hold our property investments both directly and indirectly through various funding vehicles, including REITs, private real estate funds and joint ventures. These funding vehicles have allowed us to enhance our capital productivity and expand our funding capability so that we are able to further increase the size, scale and efficiencies of our operations.

As a result of our capital funding and expansion strategy, our effective interest in the property value of the properties within our portfolio, which we manage, has grown from approximately S\$1.2 billion (US\$0.9 billion) as of December 31, 2002 to approximately S\$8.1 billion (US\$6.5 billion) as of June 30, 2011. The total property value of the portfolio has also increased, from approximately S\$1.8 billion (US\$1.3 billion) as of December 31, 2002 to S\$25.6 billion (US\$20.8 billion) as of June 30, 2011, representing a thirteen-fold increase in eight-and-a-half years.

Our track record of growth from 2002 through June 30, 2011 is summarized below:



Note:

- (1) The decrease from 96 retail properties in 2008 to 86 retail properties in 2009 is primarily due to the Corporate Reorganization and the Asset Swap and Divestment. For further details see “Our History.”

OUR COMPETITIVE STRENGTHS

A Unique Integrated Retail Real Estate Platform

We have an integrated retail real estate business model, with end-to-end in-house capabilities in retail real estate investment and development, shopping mall operations, asset management and fund management. See “Business – Our Competitive Strengths – Strength 1: A Unique Integrated Retail Real Estate Platform.” We believe that there are two significant benefits to our end-to-end business model. First, the aim of our model is to help us extract value across the entire retail real estate value chain, and the model has allowed us to successfully source, develop, own and manage a significant portfolio of retail properties within a relatively short period of time. Second, we believe that our business model provides us with a diversified earnings base, consisting of rental income, fee income and capital appreciation.

We believe that the key components of our integrated platform include:

- ***Our Established Sourcing Capabilities***

- Our strong track record in sourcing, enabling us to build up a substantial project pipeline for sustained future development and facilitating our accelerated growth.

SUMMARY

- Market leader in Singapore, having consistently demonstrated our strong sourcing capabilities and established a dominant market position, with 20 shopping malls with a GFA of 13.2 million square feet as of June 30, 2011.
- In China, built-up sourcing capability for both land and project acquisitions, initially through strategic partnerships and more recently through our own in-house local teams.
- ***Our Comprehensive Shopping Mall Development and Management Capabilities***
 - Ability to develop and manage a wide range of shopping malls catering to different market segments and customer needs. Examples include ION Orchard in Singapore and Raffles City in Shanghai, China, which target both middle to higher-income customers and tourists, and Tampines Mall in Singapore and CapitaMall Deyang in Sichuan, China, which target daily consumer needs.
 - Well positioned to pursue a wide range of potential opportunities, capturing the different consumption dynamics that drive a variety of shopping mall market segments.
 - Reduced risk of concentration in any single market segment.
- ***Our Extensive Network of International and Domestic Tenants***
 - Approximately 10,000 leases as of June 30, 2011, across different segments of the retail market, ranging from supermarket operators – such as Wal-Mart, BHG and NTUC FairPrice – to luxury retailers – such as Louis Vuitton and Cartier.
 - China: highly localized tenant base with more than 5,000 leases.
 - “Network effect” of a diverse, multi-jurisdictional platform: tenants can open stores in our malls in cities/countries where they do not already have a presence, allowing them to expand the scale of their operations within our network of shopping malls.
 - Thorough understanding of the characteristics and performance of different trade sectors in various markets, allowing us to understand shopper preferences.
 - Ability to attract and maintain diverse mix of tenants and influence tenant mix at our shopping malls, which we believe creates a strong basis for tenant retention and high occupancy rates, generates sustainable rental income and supports the capital values of the properties in our portfolio.
- ***Our Strong Capital Management Capabilities***
 - Ability to utilize various investment modes, from direct ownership of properties to REITs and private real estate funds that we manage to joint ventures.
 - Flexibility to adopt the most efficient and effective investment structure to maximize our capital productivity and scale up our business.
 - Access to capital from a wide variety of sources.

Leading Player in Key Markets

We believe that the geographic reach of our network and the size and quality of our portfolio of shopping malls make us a leading player in some of the key Asian markets for organized retail.¹ We believe that this leading position enables us to leverage on our integrated retail real estate capabilities in order to further increase the size, scale and efficiencies of our operations and enhance our profitability.

¹ We base this belief on our comparison of other listed real estate companies in Asia and our assessment of the retail real estate industry in Asia.

SUMMARY

- ***Singapore***
 - Market leader as the largest shopping mall owner and manager, with a portfolio constituting approximately 18% of Singapore's major shopping mall floor space.
 - Manager of CMT, the first and largest REIT in Singapore that focuses on the retail property sector.
 - In May 2011, through a joint venture with CMT and CapitaLand, acquired the Jurong Gateway Site and, in April 2011, through CMT, the Iluma shopping mall.
- ***China***
 - First investment in 2005, which we believe provides us with an early mover advantage.
 - One of the largest listed shopping mall developers, owners and managers in China.
 - Own interests in and manage 54 retail properties in China (of which 14 properties are in various stages of development) located in 34 cities, with a total GFA of approximately 49.6 million square feet.
 - 2,503 total staff, including over 40 investment professionals dedicated to sourcing and executing retail property acquisitions in China.
 - Recent retail property acquisitions include Raffles City Changning in Shanghai and CapitaMall Tianfu in Chengdu.
 - In February 2011, completed the acquisition of the Luwan Site in Shanghai and in June 2011, through CRCT, the acquisition of CapitaMall Minzhongleyuan in Wuhan.
- ***Malaysia***
 - Manager of CMMT, the largest "pure-play" shopping mall REIT in Malaysia.
 - Interests in five shopping malls measuring approximately 4.7 million square feet in total GFA, including two of the largest shopping malls in Penang.
 - In April 2011, completed the acquisition of Queensbay Mall in Penang. In March 2011, acquired Gurney Plaza Extension in Penang through CMMT. In June 2011, entered into a sale and purchase agreement to acquire East Coast Mall in Kuantan through CMMT (expected to be completed in the fourth quarter of 2011).

Experienced Management Supported by Local Teams and Good Corporate Governance

We benefit from an experienced management team with executive officers who have long and proven track records in managing, investing in, developing and enhancing retail properties, as well as in-depth understanding of and experience in running a public company.

Our offices in each country in which we operate are staffed with experienced local management teams, with an in-depth understanding of local markets, cultures, regulations and investment opportunities, as well as good relationships with local government, vendors, business partners and communities. We believe that our knowledge of international best-practices combined with in-depth local knowledge will enable us to be more competitive in our business.

In line with good corporate governance practices, our Company has a Board that comprises a majority of Independent Directors.

SUMMARY

OUR BUSINESS STRATEGIES

Capitalize on Asian Consumption and Other Growth Opportunities

We intend to capitalize on the expected growth in consumption across Asia in order to expand our portfolio of shopping malls, increase our profitability and strengthen our position as a leading developer, owner and manager of shopping malls in Asia. We believe that Asia, with its large and growing population, its rising income levels and its economic development and rise in consumer demand, presents significant opportunities for the growth of organized retail. With our extensive pan-Asian footprint of malls, and with our established sourcing capability, our expertise in developing and operating shopping malls, our extensive tenant network, and our integrated retail real estate platform, we believe that we are well positioned to take advantage of Asia's continued growth in consumer demand and retail consumption.

China – An Attractive Market for Shopping Mall Business

We believe that there is strong growth potential for the shopping mall sector in China and intend to focus on this growth potential with the goal of entrenching our position in the cities where we currently operate and developing a stable income base from our China business.

We believe that the current time is opportune for land acquisitions in China for retail purposes, for the following reasons (for details please refer to Appendix V – Industry Overview):

- Rising urbanization, disposable income and consumption resulting in strong retail sales growth.
- Strong and sustained investment in infrastructure and urban transportation facilitating the development of retail properties.
- Significant growth potential for shopping malls in China, particularly in Tier 2 and Tier 3 cities.
- Residential property cooling measures resulting in more opportunities in the retail property market in China.

We believe that these factors point to a pattern of sustainable growth in Chinese domestic consumption and demand for shopping mall space. In anticipation of this continued growth and demand, we will seek to leverage on the scale of our operations in China to expand our presence there, building a portfolio of 100 shopping malls within the next three to five years and entrenching ourselves in the 34 cities in which we currently operate.

Our Other Markets – Continue to Offer Growth Opportunities

Even for more mature Asian markets such as Singapore, Malaysia and Japan, we expect continued opportunities to grow our business. In India, we believe that there continues to be substantial growth potential for quality, organized retail as the country's economy continues to expand.

Our Strategies in Key Markets

To capitalize on Asian consumption growth, we intend to expand our business in each of the markets in which we operate, taking into consideration the particulars of our portfolio in each country and the local market conditions. This includes making strategic acquisitions (including through joint ventures, direct acquisitions and public or private tenders) from time to time in each of these markets, taking into account the conditions of the local retail property market including but not limited to property prices, growth potential and consumer demand. Our growth strategy is reflected in our periodic acquisitions of properties and our bidding for development projects.

- *Singapore*

In Singapore, we will adopt a customized approach and will continue to selectively pursue strategic acquisition and development opportunities, in order to maintain and extend our market leadership position. We also intend to recycle capital through the monetizing of existing assets via CMT, which will allow us to pursue further growth opportunities, provided market conditions for doing so are favourable and it would be beneficial to our shareholders.

SUMMARY

- *Malaysia*

In Malaysia, we hope to consolidate our presence in the shopping mall industry, as we believe there are significant opportunities in this fragmented market. To this end, we will adopt a customized approach and seek to selectively acquire properties and expand our footprint. We believe we can replicate our Singapore growth model in Malaysia. In 2010, we established and listed CMMT, thereby monetizing the value of some of our assets in Malaysia.

- *China*

In China, given the significant growth opportunities in the market, we will adopt a two-pronged approach: customized and modular. We will seek to leverage on the scale of our operations and our experience in China to aggressively expand and build a portfolio of 100 shopping malls within the next three to five years. We will execute a “Focused Expansion” strategy, whereby we seek to entrench our presence in China by focusing primarily on the cities in which we currently operate. We believe that greater presence in these cities enhances our local expertise, deepens relationships with tenants and local government authorities and strengthens our market leadership in these regions, which in turn will allow us to be more competitive.

- *Customized Approach*

We expect to implement our customized approach in China primarily in city-center locations, where the retail market is more developed with a captive catchment area and geared toward higher-income consumers. Leveraging on our experience in Singapore, we will seek to continue to create land-mark and differentiated shopping mall projects, generally located in heavily built-up inner-city areas and close to or integrated with public transport facilities.

- *Modular Approach*

Our modular approach is primarily adapted to taking advantage of the scale of and the vast opportunities in China. Approximately 43% of our existing malls in China so far have been developed using this approach. We expect to implement this approach primarily in Tier 2 and Tier 3 cities, and suburban locations in Tier 1 cities, which are generally more suited for rapid expansion because of their expected growth, availability of land and the relative scarcity of shopping malls. We have utilized this approach over the past five years, rolled out two previous generations of malls and used this valuable experience to develop the “3G Mall” concept, our third generation shopping mall.

We have accumulated local knowledge and expertise to roll out our 3G Mall concept in a faster and more profitable manner. For our 3G Malls, we are standardizing the design, size and layout of the shopping malls, so that we can replicate our model quickly in each of the cities where we operate. We expect that this standardization will make construction of the shopping malls faster and cheaper and will enable us to lease retail space to tenants for multiple locations at the same time, rather than on a mall-by-mall basis. Our 3G Malls will generally also be larger than our current shopping malls, with a higher proportion of specialty retailers. Our goal is to shorten the time to achieve a level of cash flow that can potentially result in capital appreciation, from six years (for our earliest malls) to about three years for our 3G Malls, with two years spent on development and one year to achieve such levels of cash flow.

- *Other Markets*

In Japan, we intend to leverage and continue to expand our network of existing tenants to grow our business. We will also seek to use the network effect of our cross-border portfolio to expand our Japanese tenant base to other countries in which we operate.

In India, we believe that there is substantial growth potential for organized retail as the country’s economy continues to grow. We intend to take a measured approach and to invest in and develop malls at selected sites while continuing to build our understanding of the Indian retail property market as it evolves.

SUMMARY

RECENT DEVELOPMENTS

On August 18, 2011, we entered into two separate conditional agreements to increase our property interests in Minhang Plaza and Hongkou Plaza in Shanghai through 50-50 joint ventures with China Incubator Fund and China Income Fund, respectively. We currently own jointly-held effective stakes of 15% in Minhang Plaza and 22.5% in Hongkou Plaza. The purchase consideration for the additional interest in Minhang Plaza was US\$262.6 million (S\$316.0 million) and for Hongkou Plaza US\$526.4 million (S\$633.7 million). Following the acquisition, our jointly-held effective stake in Minhang Plaza will be increased to 65.0% and that in Hongkou Plaza will be increased to 72.5%. Because we hold our effective stakes in these two projects through our joint ventures with China Incubator Fund and China Income Fund, our investment in the projects will be equity-accounted for, rather than consolidated. The proposed acquisitions are subject to relevant governmental approvals and other conditions, including acquisition of the remaining 50% interest in the respective property-holding companies.

On September 28, 2011, we entered into a conditional agreement with Suzhou Industrial Park Jinji Lake Urban Development Co. Ltd (an unrelated third party) through our wholly-owned subsidiary, CMA China II Developments (HK I) Limited, to jointly develop and own, by way of a 50:50 joint venture, a shopping mall and two office towers with a total gross floor area of about 310,000 square meters on a site in Suzhou, China, in the West Jinji Lake central business district, next to Jinji Lake. We currently expect the total development cost of this project to be approximately RMB6,740 million (S\$1,275 million). Based on our 50% interest in this proposed joint venture, we currently expect our share of the total development costs to be approximately RMB3,370 million (S\$637 million) or about 7.9% of the total property value held by us as at 30 June 2011 (based on effective stake). Upon the receipt of the necessary approvals to commence construction, the construction is expected to take about four years to complete.

On September 8, 2011, we renamed certain of our fund management entities, and on September 9, 2011, we renamed certain of our funds. The following table shows the names of these entities before and after their renaming. Please refer to the section “Defined Terms, Abbreviations and Conventions” for the defined terms that we use for these entities throughout this listing document.

Former Name	Current Name (as of September 8 or 9, 2011)
<i>Funds</i>	
CapitaRetail China Incubator Fund	CapitaMalls China Incubator Fund
CapitaRetail China Development Fund II	CapitaMalls China Development Fund II
CapitaRetail India Development Fund	CapitaMalls India Development Fund
CapitaRetail Japan Fund Private Limited	CapitaMalls Japan Fund Pte. Ltd.
<i>Fund Managers</i>	
CapitaRetail China Fund Management Pte. Ltd.	CapitaMalls China Fund Management Pte. Ltd.
CapitaRetail India Fund Management Pte. Ltd.	CapitaMalls India Fund Management Pte. Ltd.
CapitaRetail Japan Fund Management Private Limited	CapitaMalls Japan Fund Management Pte. Ltd.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Our sole controlling shareholder is CapitaLand, which holds approximately 65.48% of the Company’s issued Shares as at the Latest Practicable Date. CapitaLand may dispose of any or all of its Shares at any time after the Listing. However, CapitaLand does not have any current intention to dispose of its Shares.

Although CapitaLand is not engaged in the business of shopping malls, some of its developments may have a retail component comprising a minor part of the development. As a result, there may be potential competition between CapitaLand and us in certain circumstances. In order to mitigate such potential conflicts of interests, we have entered into a Collaboration Agreement with CapitaLand to establish a framework for future collaborations in certain real estate investment opportunities. Please see the section headed “Relationship with our Controlling Shareholder – Potential Conflicts of Interests – CapitaLand – Collaboration Agreement” for further details.

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“ACRA”	Accounting and Corporate Regulatory Authority of Singapore
“Act” or “Singapore Companies Act”	The Companies Act, Chapter 50 of Singapore (as amended and supplemented from time to time)
“anchor tenant(s)”	Key tenants that attract most of the customers and other tenants into the mall, and usually include department stores, supermarkets/ hypermarkets and cinemas
“Articles of Association”	The articles of association of our Company
“Asset Swap and Divestment”	The asset swap and the divestment of interests in certain retail properties and land parcels held through China Income Fund and China Development Fund II undertaken by our Group as described in the section titled “Our History”
“associate(s)”	Unless the context otherwise requires, has the meaning set out in the HKEx Listing Rules
“associated company”	<p>In relation to an entity, means:</p> <p>(a) any corporation, other than a subsidiary of the entity, in which:</p> <ul style="list-style-type: none">(i) the entity or one or more of its subsidiaries or subsidiary entities has;(ii) the entity, one or more of its subsidiaries and one or more of its subsidiary entities together have;(iii) the entity and one or more of its subsidiaries together have;(iv) the entity and one or more of its subsidiary entities together have; or(v) one or more of the subsidiaries of the entity and one or more of the subsidiary entities of the entity together have, <p>a direct interest in voting shares of not less than 20.00% but not more than 50.00% of the total votes attached to all voting shares in the corporation; or</p> <p>(b) any corporation, other than a subsidiary of the entity or a corporation which is an associate company of the entity by virtue of paragraph (a), the policies of which:</p> <ul style="list-style-type: none">(i) the entity or one or more of its subsidiaries or subsidiary entities;(ii) the entity together with one or more of its subsidiaries and one or more of its subsidiary entities;(iii) the entity together with one or more of its subsidiaries;(iv) the entity together with one or more of its subsidiary entities; or(v) one or more of the subsidiaries of the entity together with one or more of the subsidiary entities of the entity, <p>is or are able to control or influence materially</p>

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Audit Committee”	The audit committee of our Company
“Award”	The awards granted in accordance with the respective rules of the Share Plans
“Bedok Site”	The proposed development site, held through a 50:50 joint venture with CapitaLand, located in Bedok, Singapore
“Board” or “Board of Directors”	Our Company’s board of Directors
“Bridging Dealers”	CICC and its affiliates and JPM Broking and its affiliates
“Bridging Period”	The 30-day period from and including the Listing Date
“brownfield”	The term used to refer to a plot of land with an existing structure or building. A brownfield development is typically a building that is subject to asset enhancement initiatives
“CapitaLand”	CapitaLand Limited, a controlling shareholder of the Company which holds approximately 65.48% of the issued share capital in the Company as of the Latest Practicable Date
“CapitaLand Group”	CapitaLand and its subsidiaries (excluding our Group)
“Capitalization”	The capitalization exercise undertaken by our Group as described in the section titled “Our History”
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	A person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	A person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	A person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	A CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“CDP”	The Central Depository (Pte) Limited
“China Development Fund II”	CapitaMalls China Development Fund II (formerly known as CapitaRetail China Development Fund II), an associate of the Company which is a private real estate fund with 45% of its issued units owned by the Company

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“China Income Fund”	CapitaMalls China Income Fund (formerly known as CapitaRetail China Development Fund), an associate of the Company which is a private real estate fund with 45% of its issued units owned by the Company
“China Incubator Fund”	CapitaMalls China Incubator Fund (formerly known as CapitaRetail China Incubator Fund), an associate of the Company which is a private real estate fund with 30% of its issued units owned by the Company
“CICC”	China International Capital Corporation Hong Kong Securities Limited
“CMMT”	CapitaMalls Malaysia Trust, an associate of the Company which is a REIT with 41.74% of its issued units owned by the Company as of June 30, 2011
“CMT”	CapitaMall Trust, an associate of the Company which is a REIT with 29.72% of its issued units owned by the Company as of June 30, 2011
“Code of Corporate Governance”	The Singapore Code of Corporate Governance 2005 (as amended and supplemented from time to time)
“Collaboration Agreement”	The collaboration agreement entered into between our Company and CapitaLand as described in the section “Relationship with Our Controlling Shareholder – Potential Conflicts of Interests – CapitaLand – Collaboration Agreement”
“Company” or “our Company”	CapitaMalls Asia Limited (formerly known as CapitaLand Retail Limited), a company incorporated in Singapore on October 12, 2004
“Compliance Adviser”	Anglo Chinese Corporate Finance, Limited
“controlling shareholder”	Unless the context otherwise requires, has the meaning set out in the HKEx Listing Rules
“conversion cycle”	The length of time between the start of construction for a mall to achieve a level of cash flow for that mall that can potentially result in capital appreciation
“Corporate Disclosure Committee”	The corporate disclosure committee of our Company
“Corporate Reorganization”	The restructuring exercise undertaken by our Group as described in the section titled “Our History”
“CRCT”	CapitaRetail China Trust, an associate of the Company which is a REIT with 26.97% of its issued units owned by the Company as of June 30, 2011

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Directors”	Our Company’s directors
“Executive Director”	Our Company’s executive Director
“Executive Officers”	Our Company’s executive officers
“Executive Resource and Compensation Committee” or “ERCC”	The executive resource and compensation committee of our Company
“Finance and Budget Committee”	The finance and budget committee of our Company
“GFA”	Gross floor area, which comprises the built-up area of a property, excluding car park space
“greenfield”	The term used to refer to a plot of land that is completely undeveloped, with no existing structure or building. A greenfield development is typically a new construction project
“gross revenue”	The total amount payable by all tenants/licencees pursuant to a lease or license which includes, rents, fees payable under a lease or licence agreement, and service charges and carpark and other income
“GST”	Singapore goods and services tax
“GTO”	Gross turnover
“HK\$,” “Hong Kong dollars” or “Hong Kong cents”	The lawful currency of Hong Kong
“HKEx”	The Stock Exchange of Hong Kong Limited
“HKEx Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	The Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong Share Register”	The register of Hong Kong Shares maintained by the Hong Kong Share Registrar
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Hong Kong Shares”	The Shares listed on the HKEx
“Hong Kong Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases, as amended, supplemented or otherwise modified from time to time
“Horizon Realty Fund”	Horizon Realty Fund, LLC, an associate of the Company which is a private real estate fund with 21.43% of its issued shares owned by the Company
“Independent Directors”	Our Company’s independent Directors
“Independent Valuers”	CB Richard Ellis Limited, CB Richard Ellis (Malaysia) Sdn Bhd, CB Richard Ellis (Pte) Ltd, CB Richard Ellis South Asia Private Limited, DTZ Debenham Tie Leung Limited, DTZ Debenham Tie Leung K.K., Jones Lang LaSalle Hotels, Jones Lang LaSalle Property Consultants Pte. Ltd., Knight Frank (India) Pvt. Ltd., Knight Frank Petty Limited, Knight Frank Pte Ltd, Land Coordinating Research Inc., PPC International Sdn Bhd, Savills Valuation and Professional Services Limited, Tanizawa Sogo Kanteisho K.K. and Yoshimura Planning & Appraisal Co., Ltd.
“India Development Fund”	CapitaMalls India Development Fund (formerly known as CapitaRetail India Development Fund), an associate of the Company which is a private real estate fund with 45.45% of its issued units owned by the Company
“Industry Consultants”	Urbis Pty Ltd, DTZ Debenham Tie Leung Limited, CB Richard Ellis (Malaysia) Sdn Bhd and Jones Lang LaSalle Property Consultants (India) Pvt Ltd
“Investment Committee”	The investment committee of our Company
“Japan Fund”	CapitaMalls Japan Fund Pte. Ltd. (formerly known as CapitaRetail Japan Fund Private Limited), an associate of the Company which is a private real estate fund with 26.29% of its issued shares owned by the Company
“Joint Sponsors”	CICC and JPM
“JPM”	J.P. Morgan Securities (Asia Pacific) Limited
“JPM Broking”	J.P. Morgan Broking (Hong Kong) Ltd., an affiliate of JPM
“Jurong Gateway Site”	The proposed development site, held through a 50:30:20 joint venture between us, CMT and CapitaLand, located in western Singapore
“Latest Practicable Date”	September 23, 2011

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Licence Agreement”	The licence agreement dated October 30, 2009 entered into between our Company and CapitaLand as described in the section “Risk Factors – Risks Relating to Our Parent Company – We may have to pay to use or may not be able to use the “Capita” name and related marks and logos”
“Listing”	The Listing of the Shares on the HKEx
“Listing Committee”	The listing sub-committee of the board of directors of the HKEx
“Listing Date”	The date, expected to be October 18, 2011, on which dealings in the Shares first commence on the HKEx
“Luwan Site”	The development site located in Luwan district, at the junction of Xujiahui Road and Madang Road, in Shanghai, China
“Memorandum”	Memorandum of association of our Company
“MOFCOM”	Ministry of Commerce of the People’s Republic of China
“NLA”	Net lettable area, which comprises areas in a property that are primarily comprised of tenantable space and excludes space used for building and centre management functions and common areas
“Nominating Committee”	The nominating committee of our Company
“Non-Executive Directors”	Our Company’s non-executive Directors
“NPI”	Net property income, being Gross Revenue less Property Expenses
“NPI Yield”	The NPI of a property for a year, expressed as a percentage of its property value as at the end of that year
“occupancy rate”	The ratio of a property’s occupied floor area to the property’s total floor area
“Orchard Turn Development”	The retail and residential complex at Orchard Road in Singapore, comprised of ION Orchard, a shopping mall, and The Orchard Residences, a luxury residential development
“Performance Share Plan”	Our Company’s performance share plan approved by Shareholders on October 30, 2009
“POS”	Point-of-sales
“PRC” or “China”	The People’s Republic of China, excluding Hong Kong Special Administrative Regions (“SAR”), Macau SAR and Taiwan for the purposes of this listing document
“Property Expenses”	Consists of property tax, property manager’s fees, maintenance expenses and other property expenses, but excluding depreciation of properties

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Queensbay Mall”	A shopping mall located in Penang, Malaysia, in which we own, through our subsidiaries and an asset-backed securitization structure, 90.7% of the retail strata areas (approximately 916,181 square feet) and 100% of the car park
“Raffles City China Fund”	Raffles City China Fund Limited, a private real estate fund of which 15% of its issued shares are owned by the Company
“RECM Trustees and Managers”	CapitaMalls Japan Fund Management Pte. Ltd. (formerly known as CapitaRetail Japan Fund Management Private Limited), CapitaRetail Singapore Management Pte. Ltd., CapitaMalls China Fund Management Pte. Ltd. (formerly known as CapitaRetail China Fund Management Pte. Ltd.), CapitaLand Retail Trustee Pte. Ltd., CapitaMalls Malaysia REIT Management Sdn. Bhd., One Trustee Pte. Ltd., CapitaMalls India Fund Management Pte. Ltd. (formerly known as CapitaRetail India Fund Management Pte. Ltd.), and Retail RECM (BVI) Limited
“Record Date”	The date as at the close of business on which the shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Regulation S”	Regulation S under the US Securities Act
“REIT”	Real estate investment trust
“REIT Managers”	CapitaMall Trust Management Limited and CapitaRetail China Trust Management Limited
“Restricted Stock Plan”	Our Company’s restricted stock plan approved by Shareholders on October 30, 2009
“RM,” “Malaysian Ringgit” or “Ringgit”	The lawful currency of Malaysia
“RMB,” “Rmb,” “Renminbi” or “Chinese Renminbi”	The lawful currency of the People’s Republic of China
“Rp.,” “INR,” “Indian Rupees” or “Rupees”	The lawful currency of India
“S\$,” “Singapore dollars” or “Singapore cents”	The lawful currency of the Republic of Singapore
“SAFE”	State Administration of Foreign Exchange of the PRC
“Securities and Futures Act” or “SFA”	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“Securities account”	Securities account maintained with CDP

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Senior Management Executives”	Our chief executive officer and other key management employees
“SFC”	The Securities and Futures Commission of Hong Kong
“SFRS”	Singapore Financial Reporting Standards
“SGX Listing Manual”	The listing manual of the SGX-ST (as amended, supplemented or otherwise modified from time to time)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Plans”	The Performance Share Plan and the Restricted Stock Plan
“Shareholders”	Shareholders holding ordinary shares in the capital of our Company
“Shares”	Ordinary shares in the capital of our Company
“Singapore Share Register”	The register of Singapore Shares maintained by the Singapore Registrar
“Singapore Share Registrar”	Boardroom Corporate & Advisory Services Pte. Ltd.
“Singapore Shares”	The Shares listed on the SGX-ST
“Singapore Take-over Code”	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“specialty tenant(s)”	Retail tenants in the shopping mall, apart from anchor tenants
“Sponsors’ Agreement”	The Sponsors’ Agreement between the Joint Sponsors and the Company dated September 30, 2011 relating to the engagement of the Joint Sponsors by the Company in connection with the Listing
“sq.ft.”	Square feet
“sq. m.”	Square meters
“The Star Vista”	The Retail and Entertainment Zone of the integrated Civic, Cultural, Retail and Entertainment hub at Vista Xchange, one-north, Singapore
“substantial shareholder”	Unless the context otherwise requires, has the meaning set out in the HKEx Listing Rules
“SZITIC”	Shenzhen International Trust & Investment Co., Ltd
“Tier 1 city” or “Tier 1 cities”	The term frequently used to refer to the most populous, affluent and economically competitive cities in the PRC, usually Beijing, Shanghai, Guangzhou and Shenzhen

DEFINED TERMS, ABBREVIATIONS AND CONVENTIONS

“Tier 2 city” or “Tier 2 cities”	The term frequently used to refer to provincial and sub-provincial-level cities in the PRC
“Tier 3 city” or “Tier 3 cities”	The term frequently used to refer to prefecture and county-level cities in the PRC
“Track Record Period”	Three years ended 31 December 2008, 2009 and 2010
“US\$,” “United States dollars,” “US dollars” or “US cents”	The lawful currency of the United States of America
“US Investment Company Act”	The United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder
“US Securities Act”	The United States Securities Act of 1933, as amended
“USA”	The United States of America
“¥,” “Japanese Yen,” “JPY” or “Yen”	The lawful currency of Japan

FORWARD-LOOKING STATEMENTS

Certain statements in this listing document constitute “forward-looking statements.” All statements other than statements of historical facts included in this listing document, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this listing document reflect our current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- general global, regional and local political, social and economic conditions;
- regulatory developments and changes in the industry in which we operate;
- general economic conditions, and changes in general economic conditions, in Asia;
- changes in our need for capital and the availability of financing and capital to fund these needs;
- whether we can successfully execute our business strategies and carry out our growth plans;
- competition in the real estate industry in Asia;
- our ability to anticipate and respond to consumer retail trends;
- changes in consumer retail demand;
- changes in government regulations, including tax laws or licensing;
- war or acts of international or domestic terrorism;
- occurrences of catastrophic events, natural disasters and acts of God that affect our business or properties;
- changes in our senior management team or loss of key employees;
- changes relating to and our relations with CapitaLand;
- changes in interest rates or inflation rates;
- changes in the value of certain currencies that are used in our business, including the Singapore dollar, the Chinese Renminbi, the US dollar, the Japanese Yen, the Malaysian Ringgit and the Indian Rupee;
- other factors beyond our control; and
- any other matters not yet known to us.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors,” “Financial Information,” “Business” and “Appendix V – Industry Overview.” These forward-looking statements speak only as of the date of this listing document. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this listing document to conform those statements to actual results, subject to compliance with all applicable laws, rules and regulations, including the laws and regulations of the SFC and/or rules of the HKEx.

CORPORATE INFORMATION

**Headquarters, Registered Office and
Principal Place of Business in Singapore**

39 Robinson Road
#18-01 Robinson Point
Singapore 068911

**Place of Business in Hong Kong registered
under Part XI of the Companies Ordinance**

8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Authorised Representatives

Mr Lim Beng Chee
39 Robinson Road
#18-01 Robinson Point
Singapore 068911

Ms Kannan Malini
39 Robinson Road
#18-01 Robinson Point
Singapore 068911

Alternate Authorised Representative

Ms Mok Ming Wai
8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Company Secretary

Ms Kannan Malini (LLB (Hons))

Members of the Audit Committee

Mr Yap Chee Keong (*Chairman*)
Mr Sunil Tissa Amarasuriya
Professor Tan Kong Yam

Members of the Nominating Committee

Dr Loo Choon Yong (*Chairman*)
Mr Liew Mun Leong
Mrs Arfat Pannir Selvam

**Members of the Executive Resource
and Compensation Committee**

Dr Loo Choon Yong (*Chairman*)
Mr Liew Mun Leong
Mr Sunil Tissa Amarasuriya

**Members of the Corporate Disclosure
Committee**

Mr Liew Mun Leong (*Chairman*)
Mr Lim Tse Ghow Olivier
Mrs Arfat Pannir Selvam
Mr Lim Beng Chee

**Members of the Finance and Budget
Committee**

Mr Lim Tse Ghow Olivier (*Chairman*)
Mr Yap Chee Keong
Mr Lim Beng Chee

CORPORATE INFORMATION

Members of the Investment Committee

Mr Liew Mun Leong (*Chairman*)
Mr Lim Tse Ghow Olivier
Dr Loo Choon Yong
Professor Tan Kong Yam
Mr Lim Beng Chee

**Share Registrar and Share Transfer
Office in Singapore**

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Hong Kong Share Registrar

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Compliance Adviser

Anglo Chinese Corporate Finance, Limited
40th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Principal Bankers

Agricultural Bank of China Limited
No. 69 Jianguomen Nei Avenue
Dongcheng District
Beijing 100005
China

Bank of China Limited
No. 1 Fuxingmennei Street
Beijing 100818
China

China Merchants Bank Co., Limited
China Merchants Bank Tower
No.7088, Shennan Boulevard
Shenzhen
China

CIMB Bank Berhad
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

CORPORATE INFORMATION

DBS Bank Ltd.
6 Shenton Way
DBS Building
Singapore 068809

Industrial and Commercial Bank of China Limited
No. 55 Fuxingmennei Street
Xicheng District
Beijing 100140
China

Mizuho Corporate Bank, Ltd.
168 Robinson Road, #13-00
Capital Tower
Singapore 068912

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#09-00 OCBC Centre
Singapore 049513

Public Bank Berhad
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia

The Bank of Tokyo-Mitsubishi UFJ, Ltd
9 Raffles Place #01-01
Republic Plaza
Singapore 048619

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

RISK FACTORS

Prospective investors should consider carefully the risks described below, together with all other information contained in this listing document, before deciding to invest in the Shares. The risks described below are not the only ones we face. Our business, financial condition, results of operations, revenue, cash flow and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks and you may lose all or part of your investment. This listing document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this listing document.

RISKS RELATING TO THE SECONDARY LISTING

The stock markets of Singapore and Hong Kong have different characteristics and the historical prices of the Singapore Shares may not be indicative of the performance of the Hong Kong Shares after the listing of our Shares on the HKEx

Our Shares have been listed and have traded on the SGX-ST since November 25, 2009. It is our current intention that, following completion of the Listing, the Shares registered in Singapore (the “Singapore Shares”) will continue to be traded on the SGX-ST, and that some Shares may be registered in Hong Kong (the “Hong Kong Shares”) and traded on the HKEx. As there is no direct trading or settlement between the stock markets of Singapore and Hong Kong, the time required to transfer shares between the CDP and the register of Hong Kong Shares (the “Hong Kong Share Register”) may vary and there is no certainty as to when transferred shares will be available for trading or settlement.

In addition, the SGX-ST and HKEx have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Singapore Shares and the Hong Kong Shares may not be the same. Furthermore, fluctuations in the Singapore Share price could materially and adversely affect the Hong Kong Share price, and vice versa. Moreover, fluctuations in the exchange rate between the S\$ and the HK\$ could materially and adversely affect the prices of Singapore Shares and Hong Kong Shares. Due to the different trading hours of the SGX-ST and the HKEx, or in the event that the trading of either the Hong Kong Shares or the Singapore Shares is halted or suspended on the HKEx or the SGX-ST, investors in Hong Kong and Singapore may not have equal opportunities to react in a timely manner to any developments which impact the price of the Hong Kong Shares and/or the Singapore Shares, as the case may be. Generally it takes 15-20 Business Days to complete the procedure to transfer Shares from the SGX-ST to the HKEx (and vice versa), and investors may incur fees including removal fees, re-registration fees and share certificate issuance fees. For more information, please see “Listings, Registration, Dealings and Settlement.”

Due to the different characteristics of the stock markets of Singapore and Hong Kong, the historical prices of the Singapore Shares may not be indicative of the performance of the Hong Kong Shares after the listing of our Shares on the HKEx. Investors should therefore not place undue reliance on the prior trading history of the Singapore Shares when evaluating an investment in the Listing.

We have determined that the rights and obligations of our shareholders and the responsibilities of our management and board of directors under Singapore law may be different from those of a company incorporated in another jurisdiction, including Hong Kong

Our corporate affairs are governed by our Memorandum and Articles of Association and by the laws governing companies incorporated in Singapore. As a result, the rights and obligations of our shareholders and the responsibilities of our management and board of directors under Singapore law may be different from those of a company incorporated in another jurisdiction, including Hong Kong.

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In particular, there are certain residual differences between the shareholder protection regimes in Singapore and Hong Kong. Under Section 113 of the Hong Kong Companies Ordinance, a member with at least 5% shareholding may require the directors of a Hong Kong company to convene an extraordinary general meeting. However, under Section 176 of the Singapore Companies Act, a meeting of a Singapore company may only be called by members holding not less than 10% of the total number of issued and paid up shares of the Singapore company (excluding treasury shares, if applicable). In addition, under Section 115A of the Hong Kong Companies Ordinance, members with an aggregate shareholding of 2.5% in a company or a minimum of 50 members can require a company to circulate a notice of any resolution or circulate a statement to other members of the company. However, under Section 183 of the Singapore Companies Act, members representing not less than 5% of the total voting rights of all members or not less than 100 members holding shares in the company on which there has been paid up an average sum, per member, of not less than S\$500, may require the company to circulate any resolution or statement. Our Company's Articles of Association reflect the requirements and compliance with the Singapore Companies Act in these matters, hence Hong Kong shareholders will not benefit from the minority shareholder provisions accorded under Hong Kong law. See "Appendix VIII – Summary of the Constitution of Our Company."

There may also be obligations imposed on shareholders such as notification requirements for our substantial shareholders under Singapore laws which will apply to our shareholders whether in Hong Kong or elsewhere. For example, a substantial shareholder of a company is required to notify the company in writing of his interests in the voting shares in the company within two business days after becoming a substantial shareholder or any change in the percentage level of his shareholding after he is aware of such change. The notice shall be also required if the person has ceased to be a substantial shareholder before the expiration of the two business days. Please refer to "Appendix IX – Description of Relevant Laws and Regulations – Reporting Obligations of Shareholders" for further information.

With respect to the consequences of any non-compliance with the aforementioned notification requirements under Singapore laws, a substantial shareholder who fails to comply with the relevant provisions under Singapore laws may be subject to certain penalties. For example, a substantial shareholder who fails to notify a company in writing of his shareholding interests in the company (and the percentage level changes thereto) as prescribed under the Singapore Companies Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and in the case of a continuing offence to a further fine of S\$500 for every day during which the offence continues after conviction. A substantial shareholder who fails to notify the SGX-ST in writing within the stipulated periods of the disclosures that he has made to the company relating to his shareholding interests in the company (and the percentage level changes thereto) as prescribed under the Securities and Futures Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$25,000 and in the case of a continuing offence to a further fine of S\$2,500 for every day during which the offence continues after conviction.

Furthermore, there may also be taxation implications resulting from the acquisition, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares which will apply to our shareholders whether in Hong Kong or elsewhere. Please refer to "Appendix VII – Taxation" for further information.

Any prospective investors and/or our shareholders should note that the laws applicable to our shareholders may change, whether as a result of proposed legislative reforms to the Singapore laws or otherwise, and they should consult their own advisers for specific advice concerning their possible obligations (including but not limited to legal obligation and tax obligations) as our shareholders under the relevant laws.

We may incur additional costs and require additional resources to comply with both the SGX Listing Manual and the HKEx Listing Rules

Being a listed company on the SGX-ST, our Company is required to comply with the listing rules set out in the listing manual of the SGX-ST (as amended, supplemented or otherwise modified from time to time,

RISK FACTORS

the “SGX Listing Manual”). Upon the listing of our Shares on the HKEx, our Company will also be required to comply with the HKEx Listing Rules unless an exemption is available or a waiver has been obtained. Accordingly, our Company may incur additional costs and require additional resources to comply with both sets of rules. See “Waivers.”

There may be limited liquidity in our Shares and volatility in the price of our Shares listed on the HKEx

Our Shares will be listed and traded on both the SGX-ST and the HKEx following completion of the Listing. There may be limited liquidity in the Hong Kong Shares following completion of the Listing and the price of our Shares on the HKEx may be volatile. As a result, investors may not be able to purchase Shares or liquidate their position quickly or at prices attractive to them.

The waivers from strict compliance with certain requirements of the HKEx Listing Rules, Hong Kong Takeovers Code and other rules and regulations granted by the HKEx and the SFC could be revoked, hence exposing us and our shareholders to additional legal and compliance obligations and costs

Our Company, whose primary listing is on the SGX-ST, has applied for, and the HKEx and the SFC have granted, a number of waivers from Hong Kong laws, rules and regulations. Please refer to “Waivers” in this listing document for further details.

There is no assurance that the HKEx and the SFC will not revoke any of these waivers granted or impose certain conditions for any of these waivers (for instance, if trading and the Company’s shareholder base gravitate to Hong Kong after the Listing Date). Consequently our Company could be determined to be primary listed on the HKEx. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional legal and compliance obligations and incur additional compliance costs and face uncertainties arising from issues of multi-jurisdictional compliance, all of which could adversely affect us and our shareholders.

We may be determined by the HKEx to be primary listed in Hong Kong if, among other things, the majority of trading takes place on the HKEx, and in such event we may be subject to additional legal and compliance obligations and costs

Although our Company is seeking a secondary listing on the HKEx, the HKEx has the discretion to redesignate our listing status as primary. There is no assurance that our secondary listing status will continue in the future. For example, if the majority of the trading in our Shares takes place on the HKEx, our Company may, for the purposes of the HKEx Listing Rules, be determined to be primary listed on the HKEx. In such an event, the waivers from strict compliance granted to our Company on the basis of a secondary listing will be revoked and we will be required to comply with the relevant provisions of the HKEx Listing Rules and will not benefit from the exemptions which we were previously granted. If such an event occurs, we will be subject to additional legal and compliance obligations and will incur additional legal and compliance costs.

RISKS RELATING TO OUR GENERAL BUSINESS AND OPERATIONS

We currently operate in adverse conditions in the global financial markets and the general economy, which may adversely affect our business, financial condition, results of operations and prospects

Global financial markets have experienced and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries in Europe, the United States and elsewhere. The slowdown of the worldwide economy in 2008 and 2009 caused a decrease in property prices in the PRC and other places in which we operate. The market volatility and uncertainty caused by the global financial crisis also contributed to a lower demand for properties and a decline in their rents or selling prices.

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The outlook for financial markets and general economy around the world remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains high and recovery in the housing market remains subdued. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow or both. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty.

Adverse consequences arising from uncertainties in the financial markets and the general economy around the world and/or in the region include, but are not limited to, the following:

- the inability of the tenants to pay their rents in a timely manner or to continue their leases, thus reducing our cash flow;
- decreases in valuations of shopping malls in which we have an interest, resulting from deteriorating operating cash flow and/or widening capitalisation rates;
- decreases in rental or occupancy rates;
- a general increase in counterparty risk, resulting in defaults, non-payment and non-performance of essential services;
- the insolvency of contractors, resulting in construction delays;
- an increased likelihood that one or more of our lenders or insurers may be unable to honour their commitments; and
- excessive inflation in the countries in which we operate, resulting in a reduction of our real income.

We operate in a capital intensive industry that relies on the availability of sizeable amounts of capital

Our current property interests in, and/or management of, 95 retail properties include 25 projects in various stages of development. We expect to have significant funding needs for our existing business operations and to grow our business. We intend to fund these requirements through a combination of our internal cash flows and resources, proceeds from the issue of new equity and borrowings.

We cannot assure you that financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on commercially reasonable terms or that any additional financing will not be dilutive to shareholders. Factors that could affect our ability to procure financing include the property market's cyclical nature, any impairment of financial systems in the event of a downturn in financial markets and market disruption risks, which could adversely affect the liquidity, interest rates and availability of any third-party capital funding sources. In addition, further consolidation in the banking industry may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to a particular company, sector or geography. Our ability to obtain financing may also be adversely affected by increased caution and conservatism displayed by banks in the wake of the recent global financial crisis, as well as any governmental or other regulatory measures which have the effect of restricting borrowers' access to credit.

If the capital and credit markets continue to experience volatility and the availability of funds remains limited, credit spreads are expected to widen further, and financing costs are expected to increase. This will adversely affect our profitability and may reduce the level of distributions or dividends that we may receive from our property investments. Moreover, it is possible that our ability to access the capital and credit markets may be limited at a time when we would like or need to do so, which could have a material and adverse impact on our ability to grow our business, refinance maturing debt, pay dividends, secure or maintain credit ratings or react to changing economic and business conditions. Furthermore, future credit facilities may contain covenants that limit our operating and financing activities and require the creation of security interests over assets. Therefore, our ability to meet payment obligations, refinance maturing

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debt and fund planned capital expenditure may depend solely on the success of our business strategy and our ability to generate sufficient revenue to satisfy our obligations, which are subject to many uncertainties and contingencies beyond our control, including those highlighted herein.

We operate in a single asset class and only in Asia

Our principal business strategy is to develop, own and manage a portfolio of retail properties in Asia. All our properties are located in one of five countries: Singapore, China, Malaysia, Japan and India. More than half of our properties are located in China, and we look to expand our presence there. Our strategy is premised on our belief that shopping malls in Asia will benefit from the significant economic and consumer growth potential in Asia. See “Business – Overview” and “Business – Our Business Strategies.” Our principal business strategies expose us to the risks inherent in concentrating our business in a single asset class and in a single region. Other real estate companies that invest in more than one asset class or over a wider geographical spread may not face these risks to the same extent or at all. These risks include, but are not limited to, a downturn in the Asian economies, which would in turn affect valuations of our retail properties, decreases in rental or occupancy rates and insolvency of tenants and other counterparties. These risks may also restrict our ability to raise funds for our business and result in higher financing costs. If any of these events were to occur, or the potential economic and consumer growth in Asia that we anticipate does not materialise, our business, financial condition, results of operations and prospects may be materially adversely affected.

The success of our business strategy is dependent on various factors

This listing document contains our strategies for our business. See “Business – Overview” and “Business – Our Business Strategies” for more details. In determining our strategies, we have made certain assumptions about the future economic performance of the five countries in which we currently operate and that we have identified as our key investment regions, namely, Singapore, China, Malaysia, Japan and India. We may expand further in these markets and also into new markets in Asia. The successful implementation of our strategies will entail actively managing our retail properties, identifying suitable acquisition opportunities and making such acquisitions, undertaking development or asset enhancement initiatives, securing tenants for our shopping malls, raising funds in the capital or credit markets, and the co-operation of our partners who invest with us, our tenants, and other counterparties. Our ability to successfully implement our strategies is also dependent on various other factors, including but not limited to the competition we face in our business, which may affect our ability to acquire retail real estate properties and secure tenants on terms acceptable to us, and our ability to retain our key employees. Our ability to expand into new markets is dependent on our ability to adapt our experience and expertise and to understand and navigate the new environment. We cannot assure you that we will be able to implement all or some of our business strategies, and the failure to do so may materially adversely affect our business, financial condition, results of operations and prospects.

We may not be able to successfully implement our growth strategy in China

We intend to aggressively expand and entrench our presence in China, building a portfolio of 100 shopping malls within the next three to five years. See “Business – Our Business Strategies – Our Strategies in Key Markets – China.”

Our growth strategy is premised on our belief that the size and expected growth of the Chinese market present substantial opportunities for the expansion of our shopping mall portfolio in China. However, there is no guarantee that the economy and retail market in China will continue to grow and develop as predicted, and our expansion plan in China may be adversely affected by an economic downturn and any other adverse impact on the global economy or the economy and retail market in the areas in China where we intend to expand into, as well as by fluctuations in Renminbi exchange rates. In addition, changes in

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the economic, political and social conditions in the PRC could adversely affect our ability to expand our portfolio in China. The PRC government from time to time may also change interest rates, tax rates and implement various economic policies, regulations or restrictions to adjust the rate of growth of the PRC economy and economies of local areas within the PRC. Such measures by the PRC government and other changes in the PRC's economic, political and social conditions, laws and regulations may have an adverse effect on our expansion plans in China.

We plan to grow our China portfolio by, *inter alia*, leveraging on our experience from our previous development and management activities in China, our local expertise and our network of suppliers and tenants in order to reduce our development costs, cut our lead times and bring each mall to profitability more quickly. However, there is no guarantee that we will be able to successfully implement our strategy in order to grow our China portfolio as planned. We may not be able to achieve our growth target if we fail to successfully implement our growth strategy in China.

Our ability to grow our portfolio in China may be affected by a variety of other factors, including but not limited to the following:

- our ability to identify suitable malls and/or land in China for acquisition and/or development;
- our ability to obtain adequate financing to fund our expansion plans in China on commercially reasonable terms or at all;
- government and other regulatory measures relating to foreign property developers, owners and investors;
- changes in the government bidding requirements and application process for greenfield projects;
- the receipt of requisite government licences, certificates and approvals, as well as shareholder approvals in order to carry out the acquisitions and development;
- the consumption patterns and spending habits of consumers in China;
- outbreaks of epidemics, wars and the occurrences of natural disasters in China and particularly in the areas which we plan to expand into;
- the level of competition from other property developers, owners and managers;
- the financial, regulatory and reputational positions of our partners in China;
- the costs of development and investment, including the costs of labor, materials and related commodities;
- foreign currency exchange rates;
- the demand for retail space; and
- the performance of our independent contractors.

With respect to our ability to obtain adequate financing to fund our expansion plans, there is no guarantee that we will be able to obtain such funding, either in whole or in part, or obtain funding on terms that are acceptable to us. Our ability to obtain this funding may also be affected by a variety of other factors, including but not limited to the following:

- the property market's cyclical nature;
- any impairment of financial systems in the event of a downturn in financial markets and market disruption risks, which could adversely affect the liquidity, interest rates and availability of any third-party capital funding sources;
- further consolidation in the banking industry that may reduce the availability of credit as the merged banks seek to reduce their combined exposure to a particular company, sector or geography;
- increased caution and conservatism displayed by banks in the wake of the recent global financial crisis; and

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- governmental and other regulatory measures which have the effect of restricting borrowers' access to credit.

As such, our China growth strategy is subject to various uncertainties, and we cannot assure you that we will be able to implement our China growth strategy and achieve our portfolio target.

We may not be able to manage our growth successfully

We cannot assure you that we will be able to grow successfully. Our ability to achieve future growth will depend on our ability to identify suitable opportunities in a timely and cost effective manner and develop the properties and open the shopping malls on schedule. We will rely on a combination of internal cash flows and resources and external sources of funding to acquire, develop or enhance our existing or new retail properties, which may not be available on commercially reasonable terms or at all. See “– We operate in a capital intensive industry that relies on the availability of sizeable amounts of capital.” Even if we were successful in securing new retail properties or in developing or enhancing our existing or new shopping malls, we cannot assure you that we will be able to achieve the intended returns or generate the intended revenue from such assets. Furthermore, we may face significant competition from other real estate companies or investors and managers of real estate assets in the acquisition, development, enhancement and management of retail properties, and we cannot assure you that we will be able to compete effectively, or to secure such opportunities on commercially reasonable terms or at all.

The anticipated future growth in our business and assets may also challenge our managerial, operational, financial and other resources. Risks associated with our past and anticipated future growth, including diversification into other countries in Asia, also include the fact that the operating complexity of our business and the responsibility of our management have increased and will continue to increase. In turn, this will require the continued development of financial and management controls and systems and our implementation of these systems across the business. Furthermore, we may face additional challenges in ensuring that adequate internal controls and supervisory procedures are in place. If we are unable to successfully manage the impact of our growth on our operational and managerial resources and control systems, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on our key management for our integrated shopping mall business. The loss of their services or our inability to recruit additional key employees may impair our operations and growth

Our integrated shopping mall business is a human capital-intensive business and our success depends on our ability to attract and retain experienced key employees.

The retention of our senior officers is crucial to our success and the loss of their services could have a material adverse effect on our operations as a whole. We also anticipate that it will be necessary for us to employ additional key employees as we pursue our growth strategy. However, we may not succeed in recruiting such additional employees or retaining current key employees as the market for such employees is extremely competitive. If we are unable to attract or retain senior management, or if one or more of our senior officers are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing company, we may not be able to replace them readily or at all.

As at the Latest Practicable Date, we believe that those senior officers and employees identified by name and set forth in “Directors, Senior Management and Employees” have played a vital role in our operations. For more information on their experience and expertise, please refer to the biographies set forth in that section.

Efforts to retain or attract key employees may also result in significant additional expenses, which could adversely affect our profitability. Adverse developments with respect to our senior officers may have a material adverse impact on our business, financial condition, results of operations and prospects.

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We are subject to interest rate fluctuations

Some of our existing debt and our borrowings in future may carry floating interest rates, and consequently, the interest cost to us for such loans will be subject to fluctuations in interest rates. As at June 30, 2011, we had consolidated debt of approximately S\$972.1 million, of which approximately 19.7% is on a floating rate basis. There is no certainty that interest rates will not increase to our detriment. For more information about interest rate risk in China, see “– Risks Related to Our Business Activities in China – Fiscal tightening measures in the PRC may adversely affect our ability to obtain financing, or to obtain financing at acceptable rates.”

As part of our active capital management strategies, we have entered into some hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, such hedging, or our hedging policy, may not adequately cover our exposure to interest rate fluctuations.

In addition, we are and may in future be subject to market disruption clauses contained in our loan agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to us, notwithstanding the margins agreed.

Consequently, interest rate fluctuations could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to risks relating to foreign currency exchange rate fluctuations

Because of the geographic diversity of our business, we receive income and incur expenses in a variety of currencies, including Singapore dollars, Chinese Renminbi, Malaysian Ringgit, Japanese Yen, Indian Rupees and US dollars. In addition, we are exposed to various costs and debt denominated in other currencies, including US dollars. Consequently, our costs, profit margins and property values are affected by fluctuations in the exchange rates of the above-mentioned currencies. The impact of future exchange rate fluctuations on our liabilities, cost of sales and margins cannot be accurately predicted and some of these currencies may not be readily convertible or exchangeable or may be subject to exchange controls.

In particular, the Chinese government discontinued the pegging of the Renminbi to the US dollar in July 2005, following which the Renminbi appreciated against many currencies and a further appreciation may be expected.

In addition, our financial statements are presented in Singapore dollars. Exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore dollars for financial reporting or repatriation purposes. If the foreign currencies depreciate against the Singapore dollar, this may materially adversely affect our reported financial results.

Regulatory issues and changes in law may have an adverse impact on our business

We are subject to the usual business risk that there may be changes in laws that reduce our income or increase our costs. For example, there could be changes in tenancy laws that limit our recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be recovered from our tenants or changes in environmental laws that require significant capital expenditure.

Additionally, the Singapore Accounting Standards Council may issue new and revised accounting standards and pronouncements from time to time. Applying such standards and pronouncements to our financial statements may result in a change in the presentation and measurement of financial information, and thus may result in a change in the way we record our revenues, expenses, assets, liabilities or reserves. We cannot predict the impact of these changes in accounting standards and pronouncements. These

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changes could adversely affect our reported financial results and positions and adversely affect the comparability of our future financial statements with those relating to prior periods. For more information on accounting standards which have been issued but not adopted yet by the Group, please see “Financial Information – Recent Accounting Pronouncements.”

Transactions with connected persons and interested persons may expose us to risks

We have ongoing contractual arrangements with connected persons and interested persons. Such transactions are entered into on normal commercial terms and in accordance with the laws and regulations of the regulatory authorities in the jurisdiction to which the parties to such transactions are subject. Transactions with connected persons and interested persons may give rise to conflicts of interests, which could lead to transactions being entered into and decisions made which are based on factors other than commercial factors.

RISKS RELATING TO OUR PROPERTY BUSINESS AND THE OPERATION OF OUR PROPERTIES

We are subject to risks inherent in investing in entities which we do not control and the manner in which we hold our investments and property interests

We hold the substantial majority of our property interests through, and we have interests and make investments in, entities that are not our subsidiaries and over which we do not have majority control, such as REITs and private real estate funds and joint ventures. We have relied on contributions to our profits from such jointly controlled entities and associates during the Track Record Period and the six months ended June 30, 2011, and we expect to continue to rely on such contributions. The performance of these entities and our share of their results are subject to the same or similar risks that affect us as described herein, including risks that affect our general business and operations, risks relating to our property business and the operation of our properties and risks relating to the countries in which we operate. We cannot assure you that we will be able to influence the management, operation and performance of these entities, whether through our voting rights, contractually, or as manager of some of these entities, in a manner which would be favorable to us, or at all. If all or any of these entities were to perform poorly, our overall business, financial condition, results of operations and prospects may be adversely affected.

Additionally, disagreements may occur between us and our joint venture partners and/or other investors, regarding the business and operations of these entities which may not be resolved amicably, or in a manner which is favorable to us. In addition, our joint venture partners and/or other investors may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions, requests, policies or objectives, be unable or unwilling to fulfil their obligations, have financial difficulties or have disputes with us as to the scope of their responsibilities and obligations. Further, some of our contractual arrangements with our joint venture partners and other investors of the entities in which we have invested may subject our ability to transfer our interests in these entities to conditions and other restrictions. These factors could adversely affect our ability to deal with our investments and our assets under management in a manner which achieves our objectives and in turn could have a material adverse impact on our business, financial condition, results of operations and prospects.

In light of the current economic climate, our joint venture partners or other investors may not be able to fulfil their respective contractual obligations with us (for example they may default in making payments during future capital calls or capital raising exercises) or they may experience a decline in their creditworthiness. Although joint venture and private real estate fund agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and we would generally seek to enforce our rights as enumerated within these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of our joint ventures and/or funds, which in turn may materially and adversely affect our business, financial condition, results of operations and prospects.

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Some of our investments are in entities that are structured to achieve tax efficiency or transparency, such as REITs, private real estate funds, and other special purpose vehicles that are located in jurisdictions that do not tax income or other gains or that provide tax incentives. In the event that the intended tax efficiency or transparency is not achieved by the vehicles through or in which our investments are made, whether as a result of a loss or revocation of a tax ruling by a competent tax authority, or a change in or in the interpretation of applicable tax laws or otherwise, this could reduce the return on our investments and increase our operating costs and expenses, and in turn could have a material adverse impact on our business, financial condition, results of operations and prospects.

Some of our investments, such as those in CMT, CRCT and CMMT, are investments in entities which are listed or traded on a securities exchange. We cannot assure you that the market price of the securities of the entity we have invested in reflects accurately to any degree the underlying value of the business, or the assets owned by it, or that we will be able to realize our investment in the entity at the then prevailing market price, or at all.

We are subject to risks relating to the quality and extent of the title to or interests in the properties in our portfolio

The quality, nature and extent of the title to the land and properties in our portfolio of property interests vary, depending on a number of factors, including:

- the country and location of the property;
- the laws and regulations that apply to the property;
- the stage of development of the property;
- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;
- the extent of compliance by us or any other relevant party (including previous owners, the vendor of the property and the entity in which we have invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;
- the manner under which the interest in the property is held, whether through a joint venture, a development agreement, under a master lease, an option to purchase, a sale and purchase agreement, through asset-backed securities or otherwise;
- in the case where the property interests are leasehold interests, the extent of compliance by us or any other relevant party (including previous lessees or lessors, the vendor of the property and the entity in which we have invested that has acquired or is acquiring the property) with the terms and conditions of the state or head lease or any other document under which the title of the property is derived; and
- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which we have acquired our interest in the property.

As some of our property interests are derived through or subject to various contractual arrangements, these property interests are subject to, and dependent on, the legality, validity, binding effect and enforceability of the relevant contracts, the performance and observance of the terms and conditions set out in the contracts by the parties thereto, the capacity, power, authority and creditworthiness of such parties, the fulfilment of any conditions precedent to the parties' obligations under the contracts, and compliance by the parties with all relevant laws and regulations relating to the sale, development and construction of the relevant properties. For instance, some of the contractual arrangements provide that title to the underlying land and/or buildings will only be issued when the necessary governmental and regulatory approvals, such

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as approvals for acquisition or development, the issue of title or strata title documentation, or change of land use certificates, among others, are obtained. In other cases, the contractual arrangements are subject to conditions precedent, such as full payment of the purchase price, completion of construction, and execution of other documents.

We cannot assure you that the legality, validity, binding effect and enforceability of the contractual arrangements from which we derive our property interests will not be challenged, that the conditions precedent stated in the contract will be fulfilled or that the parties to the contract (including the entities in which we have invested that may be parties to the contract) will perform and comply with the terms thereof and will not have disagreements among each other in respect of the interpretation and implementation of the contract. If any of these events occur, our interest in the property and the value thereof may be adversely affected.

The execution of a sale and purchase agreement may be subject to regulatory approvals and agreement among the parties to the terms of the sale and purchase agreement, and other conditions. In the event a sale and purchase agreement is not executed, the deposit may be returned or may be forfeited, which may have an adverse effect on our business, financial condition, results of operations and prospects. The number of properties in which we have an interest, the total property values and GFA of our property interests and our effective interests therein, as described in this listing document, will also be correspondingly reduced.

The limitations described above on the quality, nature and extent of the title to the land and properties in our portfolio of property interests impact our ability to deal with and have control over our property interests, and the conditions under which we may develop, own, operate or manage the property. We cannot assure you that the quality, nature and extent of the title to our property interests will not be challenged or adversely impacted or will not adversely affect our ability to deal with our property interests and in turn the value of our investment in these properties.

The properties in which we have interests are currently located in five countries, and the extent and quality of title depends on the laws of the relevant jurisdiction. Certain of these jurisdictions may have immature property laws or lack a uniform title system. As such, there is potential for dispute over the quality, existence and nature of the title purchased from previous land owners or property owners. In addition, we may be engaged in protracted negotiations each time we acquire land or property, which may result in purchases of property (and thereby the obtaining of title) being delayed or not proceeding in the event that negotiations are unsuccessful. In addition, title insurance is not generally available in the countries in which we have invested, and our property interests are not covered by title insurance. In the event we are not able to obtain, or there is a delay in obtaining, clear title to the land and properties in which we have an interest, or our claim to title is the subject of a dispute, our business, financial condition, results of operations and prospects may be adversely affected.

Declines in property values may lead to downward revaluations of the properties in which we hold interests, which may adversely affect our property value and profitability

Although retail real estate asset prices in the countries in which we operate rose significantly between 2006 and 2008, such prices began to fall in 2008 and later showed signs of recovery in the first quarter of 2010. The uncertain global economy may cause our property values to fluctuate, and this in turn may have an adverse impact on our business, results of operations, financial condition and prospects. We hold interests in shopping malls and other properties in Singapore, China, Malaysia, Japan and India, and we cannot assure you that property prices in any of these countries will not decrease such that a downward revaluation of the properties is required.

Real estate assets are inherently difficult to value. As a result, valuations are subject to substantial uncertainty and subjective judgments and are made on the basis of assumptions which may not be correct.

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Additionally, the inspections of our properties and other work undertaken in connection with a valuation exercise, may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. We cannot assure you that our property interests will retain the prices at which they may be valued or that our investment in such properties will be realized at the valuations or property values we have recorded or reflected in our financial statements or in this listing document.

We apply fair value accounting for all our investment properties. The fair values are to be adopted by the Board on a quarterly basis based on internal valuation or independent professional valuation, which is carried out half-yearly in June and December of each year. In the intervening three months valuations are deemed unchanged, unless there are extraordinary market changes which would clearly warrant another valuation. An independent professional valuation is to be obtained at least once every three years. Notwithstanding this, we have obtained independent professional valuations at least once every year since the incorporation of the Company. We assess the valuation of each interest to ensure that the carrying amount of each investment property reflects the market conditions as at the relevant financial reporting date. The value of our interest in properties may fluctuate from time to time due to market and other conditions. Such adjustments to our share of the fair value of the properties in our portfolio could have an adverse effect on our net asset value and our profitability. They may also affect our ability to incur more borrowings, or result in our having to reduce debt, if the financial covenants in our financing and other agreements require us to maintain a level of debt relative to our asset value, and such covenants are triggered as a result of adjustments made to the fair value of our properties in our portfolio.

For properties held by the REITs and private real estate funds, revaluation losses in respect of the properties so held may significantly decrease the management fees we may earn from managing these properties, and such reductions in our revenue may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our interests in the unlisted entities holding the properties and the properties that underlie our holdings are illiquid

Other than our investments in CMT, CRCT and CMMT, our retail real estate investments are generally illiquid. In addition, the properties that underlie our holdings may be illiquid depending on, among other things, the prevailing property market conditions. Such illiquidity may affect our ability to vary the size and mix of our investment portfolios or our ability to liquidate part of our assets in response to changes in economic, real estate market or other conditions. These factors could affect our gains from realization of our investments in retail real estate assets, including the value at which we may dispose of our holdings in entities that hold the retail real estate assets, the income or other distributions received by us from our holdings in the REITs, private real estate funds or other vehicles which we have invested in, which in turn would have a material adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to a range of development and construction risks relating to the development and asset enhancement projects of our properties

We may undertake, and the properties that we have an interest in, may from time to time be the subject of, development or asset enhancement initiatives. The construction and development of new shopping malls usually takes two to three years to complete, depending on the size and complexity of the development and a further two to three years to ensure that the shopping mall is able to improve its occupancy and rental rates. The implementation of a development project or asset enhancement initiative, as well as the time and costs required to complete a development project or asset enhancement initiative, may be adversely affected by various factors, including, but not limited to:

- delays or inability to obtain all necessary zoning, land use, building, development and other required governmental and regulatory licences, permits, approvals and authorizations;

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- constructions risks, which include, delays in construction and cost overruns whether from variation to original design plans or any other reason, a shortage or increase in the cost of construction and building materials, equipment or labor as a result of rising commodity prices or inflation or otherwise, inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third party service and goods providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction related contract, work stoppages, strikes, accidents, among others;
- the failure to resolve squatter and related settlement issues or otherwise;
- the need to make significant capital expenditures without receiving revenue from these properties until future periods;
- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available on acceptable terms or at all; and
- uncertainties as to market demand or a loss of market demand by tenants and consumers for the shopping mall after construction or asset enhancement work has begun, whether resulting from a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or the population density, or otherwise.

Furthermore, our properties that include office space and residential components may face limitations or restrictions on the extent to which we can customize the format and layout of these properties, thus potentially limiting or restricting our development plans and/or the nature or extent of our asset enhancement initiatives. See “– We are subject to risks inherent in acquiring ownership interests in ‘mixed-use’ properties, properties which are part of a larger development or properties which share or have common areas.”

We cannot assure you that any or all of the current or future development or asset enhancement projects affecting the properties in which we have an interest, will be completed within the anticipated time frame or budget, or at all, whether as a result of the factors specified above or for any other reason. The inability to complete a major development or asset enhancement project within the anticipated time frame and budget could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, significant pre-operating costs may be incurred and we cannot assure you that these costs can be recovered within a brief period or at all, and there may be a substantial length of time before a development or asset enhancement project generates revenues and positive cash flows. The failure to adequately prepare for pre-operating costs could adversely affect our businesses, financial condition, results of operations and prospects.

Due diligence on our properties may not identify all material defects, breaches of laws and regulations and other deficiencies

We cannot assure you that our reviews, surveys or inspections (or the relevant review, survey or inspection reports on which we have relied) would have revealed all defects or deficiencies affecting properties that we have interests in or manage, including to the title thereof. In particular, we cannot assure you as to the absence of latent or undiscovered defects or deficiencies or inaccuracies or deficiencies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on our business, financial condition, results of operations and prospects.

We are subject to risks inherent in acquiring ownership interests in “mixed-use” properties, properties which are part of a larger development or properties which share or have common areas

Certain of our properties are “mixed-use” properties that include retail space, residential units and office and other commercial space. These properties are subject to the risks associated with residential and

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commercial properties in general, including lack of demand, oversupply, unfavourable economic conditions and, specifically with respect to residential units, changes in government and/or bank lending policy restricting the availability of financing to purchasers and changes in government policy restricting or limiting the purchase, sale and ownership of property.

Some of the properties in which we have an interest may be part of a larger development which comprises other real estate components, such as residential or commercial units, or are adjacent to or incorporate common or other areas which are shared with owners of neighbouring properties. Any development or asset enhancement works that we propose for the shopping malls may require the consent of these owners, which may not be forthcoming in a timely manner or at all, or on terms acceptable to us. Our inability to obtain the requisite consent of these owners may affect our ability to deal with our interests in some of our properties in a manner which achieves our objectives and in turn could have a material adverse impact on our business, financial condition, results of operations and prospects. Our lack of control and rights to manage the shared or common areas at our shopping malls means that we may not be able to ameliorate any shortcomings or deterioration of, or execute any enhancement works on, the shared or common areas. Further, we will also not be able to determine the service charges and sinking fund contributions towards maintenance and upkeep of the shared or common areas, any or all of which events, could have an adverse effect on our business, financial condition, results of operations and prospects.

Potential liability for environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. We have not provided for such potential obligations in our consolidated financial statements. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports and investigations with respect to any of our properties may not reveal all environmental liabilities, whether owners or operators of the properties had created any material environmental condition not known to us or whether a material environmental condition exists in any one or more of our properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability.

We cannot assure you that more stringent requirements for environmental protection will not be imposed by the relevant governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations in the jurisdictions in which we operate or fail to meet the expectations of society with regard to environmental issues, our reputation may be damaged or we may even be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The occurrence of natural or other catastrophes, severe weather conditions or other acts of God, terrorist attacks, other acts of violence or war or adverse political developments may materially disrupt our operations

The countries in which we operate have experienced a number of major natural catastrophes over the years, including typhoons, droughts and earthquakes. Specifically, Japan has recently experienced

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numerous earthquakes and a tsunami, resulting in significant damage to property and infrastructure, including nuclear power generation facilities, the damage to which may in turn lead to additional, sustained disruptions. We cannot assure you that the occurrence of such natural catastrophes or other acts of God will not materially disrupt our operations. These factors, which are not within our control, could potentially have significant effects on our properties in which we have interests and our development projects, many of which are large, complex buildings or developments that are susceptible to structural damage and failure. Such catastrophes, particularly those that recently occurred in Japan, may also lead to reductions in shopper traffic, loss of income for our tenants and ultimately, possible defaults on lease payments, resulting in a material adverse effect on our business. We do not maintain full third-party insurance to cover all natural or other catastrophes. As a result, the occurrence of natural or other catastrophes, severe weather conditions or other acts of God may adversely affect our business, financial condition, results of operations and prospects. For more information on Japan, see “– Risks Relating to Our Business Activities in Japan – Our business in Japan may be affected by the recent earthquakes and tsunami of March 11, 2011.”

Also, terrorist attacks over the last few years, including in the US, Bali, Jakarta and Mumbai, together with the military response by the US and its allies in Afghanistan and continuing military activities in Iraq, have resulted in substantial and continuing economic volatility and social unrest globally. The political unrest in Thailand and the terrorist attacks in the south of Thailand, and other areas of Southeast Asia, have exacerbated this volatility. Recent political turmoil in Libya and various Middle Eastern countries like Egypt and Bahrain have impacted the commodity markets and resulted in rising oil prices. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business, financial condition, results of operations and prospects.

An increase in the frequency, severity or geographic reach of terrorist acts could destabilize the jurisdictions in which we operate. Our shopping malls may be particularly vulnerable to, and adversely affected by, terrorist attacks because of the large number of people they attract and the general public access provided. We cannot assure you that our properties will not be subject to acts of terrorism, violent acts and adverse political developments which may have a material adverse effect on us and our business, financial condition, results of operations and prospects.

We are exposed to operating risks of the retail real estate industry

Our financial performance is influenced by conditions for the retail real estate business in the countries in which we operate. Such markets and/or individual properties have historically been, and could in the future be, adversely affected by any of the following:

- cyclical downturns arising from changes in general and local economic conditions;
- periodic oversupply of retail properties;
- the recurring need for renovation, refurbishment and improvement of the retail properties;
- increases in interest rates and inflation;
- weaknesses in the national, regional and local economies;
- the adverse financial condition of some large retail companies;
- changes in wages, prices, energy costs and construction and maintenance costs that may result from inflation, government regulations, changes in interest rates or currency fluctuations;
- availability of financing for operating or capital requirements;
- consolidation of retail operators in the retail sector;
- strikes, work stoppages and labor-related disputes;

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- changes in consumer spending patterns;
- changes in consumer preference in relation to property design and interior decoration or location;
- unemployment levels;
- an increase in consumer purchases from mail-order or internet purchases and consequent reduction for retail space in commercial properties;
- competition from warehouse and outlet stores and competitors with new business models;
- transportation infrastructure developments in new areas;
- extreme weather conditions or acts of terrorism;
- any changes in taxation and zoning laws; and
- adverse government regulation.

The retail real estate industry is highly competitive

The properties in which we have an interest compete for tenants with numerous developers, owners and managers of retail properties, many of which own properties similar to, or which compete with, ours. This competition may affect the occupancy rates and rental rates of our properties, as well as the shopper traffic to our retail properties. The competition may result in us having to lower our rental rates or incur additional capital improvements to improve the properties. The competitive business environment among retailers in the markets in which we operate may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent.

We also compete with other real estate companies for property acquisitions and property-related investments, including suitable sites for new developments. An inability to compete effectively could affect our ability to grow and thus adversely affect our business, financial condition, results of operations and prospects.

We are dependent on the revenue generated from tenancies of the properties in which we have an interest, and a majority of these tenancies are for a short term of up to three years

Rental income constitutes a significant portion of our turnover and is important to our business. The majority of the tenancies of properties in which we have an interest are for periods of three years or less or subject to rent reviews within such periods, which reflects the general practice in the retail real estate sector in which we operate. While this may create opportunities for us to bring in new tenants, new concepts and refresh our tenant mix, the properties experience lease cycles in which a significant number of the tenancies expire each year. This frequency of renewals makes us susceptible to rental market fluctuations. Factors that may affect occupancy levels, rental rates and the attractiveness of our shopping malls to tenants include but are not limited to, cyclical downturns arising from changes in general and local economic conditions, periodic oversupply of tenantable shopping malls, and recurring need for renovation, refurbishment and improvement of the shopping malls.

If a tenant, particularly an anchor tenant, experiences a downturn in its business or in the extreme case experiences financial distress such as bankruptcy or insolvency, it may be unable to make timely rental payments. It may not be feasible to operate a large shopping mall for any significant period without an anchor tenant as it may be difficult to secure a replacement tenant on short notice. Our claims for unpaid rent against a bankrupt or insolvent tenant may not be paid in full or at all. In addition, we would incur time and costs if we pursue eviction proceedings and would be unable to collect rent during the pendency of such proceedings. Further, if tenants decide not to renew their contracts or terminate early, we may not be able to re-let the space immediately. Even if tenants decide to renew or lease new space, the terms of renewals or new tenancies, including the cost of required renovations or concessions to tenants, may be

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less favorable to us than current lease terms. Such developments may result in decreased revenues for us and may affect multiple properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

The properties in which we have an interest may be subject to increases in operating and other expenses

Our ability to pay dividends to shareholders could be adversely affected if operating and other expenses related to the properties in which we have an interest increase without a corresponding increase in revenue. Factors which could increase operating and other costs include:

- increases in property tax assessments and other statutory charges;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increases in sub-contracted service costs;
- increases in labor costs;
- increases in repair and maintenance costs;
- increases in the rate of inflation;
- increases in insurance premiums; and
- increases in cost of utilities.

We may not have adequate insurance

We maintain insurance policies where practicable covering both our assets and employees in line with general business practices in the real estate industry, with policy specifications and insured limits which we believe are reasonable. Risks which we are insured against include fire, business interruption, lightning, flooding, theft and public liability. There are, however, certain types of losses (such as from wars or acts of God) that generally are not insured because they are either uninsurable or not economically insurable and our properties could suffer physical damage from fire or other causes, resulting in losses (including loss of rent) that may not be fully compensated by insurance. Losses resulting from earthquakes, in particular, may not be practicable to cover by insurance and we normally adopt practices customary to the market. Where practicable, we also maintain certain terrorism, property damage, business interruption and general liability insurance in the various countries in which we operate; however, with respect to terrorism in particular, in certain cases it may be difficult to obtain adequate insurance coverage, or insurance coverage at practicable rates. Should an uninsured loss or a loss in excess of insured limits occur or should our insurers fail to fulfil their obligations for the sum insured, we could be required to pay compensation and/or lose capital invested in the property, as well as anticipated future revenue from that property. We would also remain liable for any debt or mortgage, indebtedness or other financial obligations related to the relevant property. Any such loss could adversely affect our business, financial condition, results of operations and prospects. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future. Although we seek to ensure that our projects and income-generating properties are appropriately insured, no assurance can be given that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates.

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Renovation, asset enhancement works, physical damage or latent building or equipment defects to the properties may disrupt the operations of the properties and collection of rental income or otherwise result in adverse impact on our financial condition

The quality and design of a shopping mall has an influence on the demand for space in, and the rental rates of, the properties, as well as their ability to attract strong shopper traffic. The properties may need to undergo renovation or asset enhancement works from time to time to retain their attractiveness to tenants as well as shoppers and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining a retail property and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the properties may suffer some disruption and it may not be possible to collect the full rate of, or, as the case may be, any rental income on space affected by such renovation works. Shopper traffic may also be adversely affected by such renovation and/or repair works.

In addition, physical damage to the properties resulting from fire or other causes and design, construction or other latent defects in the properties in which we have an interest may lead to additional capital expenditure, special repair or maintenance expenditure, business interruption, or payment of damages or other obligations to third parties, and may in turn result in an adverse impact on our business, financial condition, results of operations and prospects.

We face the risk of expropriation of our properties in the countries in which we operate

The laws of Singapore, China, Malaysia, Japan and India, in which our properties are currently located and regions into which we may expand to, may allow their respective governments to various degrees, to compulsorily acquire land and buildings under certain circumstances, including if it is in the public interest to do so, and under circumstances where compensation may be less than the value of the relevant property or building.

In particular, we have an interest in land located in Jalandhar, India, which is within an area that has been identified by the Indian authorities for potential compulsory acquisition for the widening of an existing highway. Although the development plans for this land as well as the location of the proposed mall already cater for the possibility that the highway may be widened, the Indian authorities have not specified the area of the land which may be compulsorily acquired.

In the event that all or any part of our land or property is compulsorily acquired, the compensation paid in respect of the acquired property could be less than its market value or the price we have paid for acquiring the property which could adversely affect our business, financial condition, results of operations and prospects.

We are subject to third-party litigation risk by visitors, contractors and tenants of our shopping malls which could result in significant liabilities and damage our reputation

In general, as developer, owner and/or manager of the shopping malls in which we have an interest, we are exposed to the risk of litigation or claims by visitors, contractors or tenants of our retail properties, which may arise for a variety of reasons, including any accidents or injuries that may be suffered by them while at our properties, our tenants' inability to enjoy the use of the properties in accordance with the terms of their lease and our failure to perform any of our obligations under any lease, construction or other contracts or agreements entered into with contractors, tenants or other third parties. If we are required to bear all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the REITs and private real estate funds we manage, this may have a material adverse effect on our business, financial condition, results of operations and prospects.

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RISKS RELATING TO OUR MANAGEMENT BUSINESS

A portion of our revenue and income is derived from our management of three REITs and several private real estate funds. Our management business would be adversely affected if the performance of any of these REITs or private real estate funds deteriorates

We currently manage three REITs, CMT, CRCT and CMMT. Our fees from the management of each of the REITs comprise (i) fund management fees which comprise both base fees (which are generally based on the value of the REIT's assets under management) and performance fees (which are based on the gross revenue or net property income ("NPI") of the REIT); (ii) mall management fees (with respect to CMT and CRCT only) which are generally based on the gross revenue and NPI of the REIT, and (iii) acquisition and divestment fees, which are based on the acquisition or sale price of any real estate purchased or sold by the REIT. A decrease in the values of the properties held by the REITs or the gross revenue and NPIs of the REITs would result in a corresponding decrease in their fees. Any condition which might have a material adverse effect on the REITs' operating performance and financial condition, or termination of our management services by either or both REITs, could materially reduce our revenues derived from managing the REITs.

We currently manage five private real estate funds, namely, the China Income Fund, the China Development Fund II, the China Incubator Fund, the Japan Fund and the India Development Fund. Fee-based income from the management of these private real estate funds is generally based on a percentage of contributed capital or a percentage of the property value plus a percentage of the NPI of the fund. In some cases, we are also entitled to earn an incentive fee of a certain percentage of the investment return on the aggregate of contributed capital in excess of a specified net internal rate of return. We may also be entitled to acquisition or divestment fees, based generally on a percentage of the consideration for properties acquired or sold by the fund. Where we provide mall management and consultancy for marketing and mall management services (such as shopping mall operations management and lease management), we may also earn fees based on a percentage of gross revenue and NPI of the property.

Our existing contracts for the provision of fund management services for a REIT are for an indefinite period of time unless we resign or are removed as manager. We may be removed by the trustee of the relevant REIT or through a special resolution, typically in the event of a resolution passed by a majority of the votes cast by unitholders of the REIT, present and voting, or in the event we fail to perform any of our material obligations under the trust deed constituting the REIT. Our fund management services for the private real estate funds are generally for the duration of the private real estate funds, unless we resign or our services are terminated. Some of our private fund agreements specifically provide that our services may be terminated generally as a result of our wilful default, gross negligence or material violation of the provisions of the management agreement. Our property management services are generally on a short or fixed term basis. In the event that our management or project services are terminated prior to the expiry of the management contract, or we are removed as manager in accordance with the terms of the management contracts, or applicable law, or we are unable to renew contracts that have expired, and on terms that are commercially reasonable to us, this would adversely affect our business, financial condition, results of operations and prospects.

Additionally, we expect to grow our fee-based income through the establishment of new private real estate funds or REITs or the expansion of the capital base of our existing private real estate funds and REITs. We cannot assure you that we will be successful in raising or that we are able to compete against other funds, REITs or REIT managers to raise funds and find new investors for new or our existing private real estate funds or REITs, or that the level of fees that we may generate from such new funds or REITs will be comparable to those of our existing private real estate funds or REITs.

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We are subject to third-party litigation risk which could result in significant liabilities and damage our reputation

As managers of REITs and private real estate funds and as property manager, we are exposed to risk of litigation by investors of the REITs and private real estate funds we manage if our management of any fund or REIT is alleged to constitute fraud, negligence, wilful default, a breach of applicable laws or regulations or a breach of the trust deed or other constitutive documents or the management and other agreements under which we provide our management services. Investors could sue us to recover amounts lost by the REITs or private real estate funds we manage due to our alleged misconduct, up to the entire amount of the loss. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of the REITs and private real estate funds we manage. We are exposed to risks of litigation or investigation relating to transactions where potential conflicts of interest have not been properly addressed. In such actions, we may be obliged to bear legal, settlement and other costs, which may be in excess of available insurance coverage. If we are required to bear all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the REITs and private real estate funds we manage, this may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fund management is subject to significant regulation in certain jurisdictions, and compliance failures and changes in regulation could adversely affect us

The REIT management industry is subject to extensive regulation in certain jurisdictions in which we operate. See “Appendix IX – Description of Relevant Laws and Regulations.” In Singapore, after we were appointed as manager of CMT and CRCT, the laws in Singapore were amended to require us to obtain capital markets services licences from the Monetary Authority of Singapore in order to manage the two REITs. In respect of any new REITs we manage that are publicly listed, or available for investment by the general public, whether in Singapore or elsewhere, we expect that we will be required to be licensed in the relevant jurisdiction or obtain specific approvals before we are able to manage such REITs.

With respect to the management of our existing private real estate funds, we rely on certain exemptions under Singapore law from having to hold a capital markets services licence for fund management to manage these private real estate funds. In respect of new private real estate funds that we manage, we expect to have to comply with licensing requirements or to invoke an exemption from such licensing requirements before we are able to manage the new private real estate funds.

Our failure to comply with the terms or restrictions of our Singapore capital markets services licenses or any other licence, or exemption from licensing that we currently rely on or may in future rely on, could result in investigations, sanctions, such as the termination of our licences and exemptions, reputational damage, or our being unable to continue to manage the relevant REIT or private fund. If such an event were to occur, our business, financial condition, results of operations and prospects will be adversely affected.

We may also be adversely affected if new or revised legislation or regulations are enacted, or if there are changes in the interpretation or enforcement of existing rules and regulations that apply to us. Such events could increase our costs of doing business, require us to restructure the way in which we carry on our business, or render us unable to continue all or part of our business, which in turn could adversely affect our business, financial condition, results of operations and prospects.

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There may be conflicts of interest between us and the REITs and private real estate funds in which we hold an interest

We generally only manage those REITs and private real estate funds that we have an interest in. For instance, through our wholly-owned subsidiaries, we own in the aggregate, indirect interests of approximately 29.72%, 26.97% and 41.74% in CMT, CRCT and CMMT, respectively, as of June 30, 2011. In addition, we are also the mall manager and the REIT manager of CMT and CRCT; and we are the REIT manager of CMMT. As manager, we are thus in a position to influence the activities of the REITs and private real estate funds we have a stake in, and which we manage.

We, our subsidiaries, related corporations and associates, including CapitalLand and its subsidiaries, related corporations and associates, may develop, manage and invest in properties that may compete directly with the existing properties of the REITs and private real estate funds in which we have invested in. Further, we may, in the future, invest in other REITs and funds which may also compete directly with the REITs and private real estate funds we currently own and manage. We cannot assure you that the interests of our existing REITs or private real estate funds will not be in conflict with or subordinated to our interests in such circumstances. Furthermore, we cannot assure you that conflicts of interest will not arise in future between us and the REITs and private real estate funds we have invested in, including in relation to the acquisition of properties and competition for tenants in the relevant markets.

Additionally, we have entered into certain agreements which require us to provide a right of first refusal over properties in Singapore to CMT, properties in Malaysia to CMMT, properties in China to CRCT, the China Income Fund, the China Development Fund II and the China Incubator Fund and over retail properties in India to the India Development Fund, which we or any of our subsidiaries may have identified for acquisition. See “Business – Right of First Refusal over Properties” for further details. Such agreements were entered into to address potential conflicts of interest from the perspectives of these entities. In addition, in relation to some of our private real estate funds, we have undertaken that we will not sponsor the formation of new funds, invest in or act as fund manager of such new funds if their primary investment objectives compete with those funds, until those funds’ commitments have been drawn to the extent provided for under the respective agreements. These agreements may limit our ability to deal with our assets freely and without constraints and may limit our ability to establish new private real estate funds.

RISKS RELATING TO THE COUNTRIES IN WHICH WE OPERATE

Our operations are subject to country-specific risks in Asia, including political, regulatory, economic and currency risks

We directly and indirectly, through REITs, private real estate funds or other vehicles through which we invest in and manage, hold a portfolio of retail real estate assets in Singapore, China, Malaysia, Japan and India. All of our business activities are concentrated in these countries. Accordingly, we are subject to the risks associated with our business activities in these jurisdictions. Our business, earnings, prospects and value of assets that we own and manage may be materially and adversely affected by a variety of conditions and developments in the Asia region, including in each of these countries. Such conditions and developments include:

- inflation, interest rates, and general economic conditions;
- governmental policies, laws and regulations, particularly those relating to real estate ownership and asset and fund management of real estate, and changes to such policies, laws and regulations and their implementation and interpretation, which could prevent, delay, increase the cost of or otherwise adversely affect our ability to invest in, acquire or divest, operate or manage our investments and our properties;
- price controls which may impact the price at which we may acquire or divest our interest in properties, or the rental rate which we are able to charge;

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- the ability of our management to deal with multiple and diverse regulatory regimes;
- potentially adverse tax consequences, from changes to or introduction of tax laws, changes in the interpretation or application of tax laws and tax treaties, to revocation or amendment of tax treaties or tax incentives, that may increase our cost of investment or carrying on of business, or adversely affect our ability to receive dividends or other distributions from entities in which we have made investments;
- the risk of nationalization and expropriation of assets;
- currency controls and other regulations, which may affect our ability to receive distributions or other dividends from our subsidiaries or other entities in which we may have any interest, to borrow onshore or offshore where the property or the relevant subsidiary or entity is located, or to carry out acquisition, divestment and capital expenditure plans;
- currency fluctuation risks which could affect the value or carrying cost of our investments; and
- political and other conditions.

Such conditions, developments and other risks associated with conducting business in multiple jurisdictions, many of which are outside of our control, may have an adverse effect on our business, financial condition, results of operations and prospects.

We are subject to significant government regulation in the countries where we operate

The real estate industry in the countries in which we operate is subject to significant government regulation. In particular, regulatory approvals may be required for, among other things, land and title acquisition or divestment, development planning and design, construction, renovation and asset enhancement, and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of the land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate. Some of these laws and regulations are at times ambiguous and their interpretations and applications can be inconsistent or uncertain, making compliance with them challenging, and may be potentially detrimental to us. If we fail to obtain the relevant approvals or comply with applicable laws and regulations, we may be subject to penalties, have our licences or approvals revoked, or lose our right to develop, own or manage our properties and our businesses, among other things, any or all of which could have a material and adverse impact on our business, financial condition, results of operations and prospects.

For instance, in China, in accordance with the Regulations on Administration of Urban Real Estate Development, property developers are required to have a qualification certificate to undertake property development. Annual renewal of the qualification certificate is subject to review. Developers are permitted to obtain a temporary qualification certificate to undertake property development. A temporary qualification certificate is renewable annually for up to two years with an additional grace period of one year, beyond which a developer must meet certain conditions to upgrade its qualification certificate. The property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the management or any illegalities on the part of the developer are taken into account by the local authorities in deciding whether to renew or upgrade a qualification certificate. If we fail to obtain or renew the requisite qualification certificates or pass the relevant annual examination, or rectify any default, our business operations will be adversely affected.

In addition, in the countries in which we operate, in order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, which can include but are not limited to, land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is

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dependent on the satisfaction of certain conditions; in some circumstances, we may apply or may have applied for permits in parallel with preliminary construction activities. Problems may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If we fail to obtain relevant approvals or permits or fulfil the conditions of those approvals for our property developments, these developments may not proceed as scheduled, and our business, financial condition, results of operations and prospects may be adversely affected.

Epidemic diseases in Asia and elsewhere may adversely affect our operations

In late 2003 and 2004, several countries in Asia, including Singapore, China and Malaysia suffered from outbreaks of communicable diseases such as severe acute respiratory syndrome (“SARS”) and avian influenza, which adversely affected the economies in Asia. In June 2007, the World Health Organization (“WHO”) reported new cases of human infection of avian influenza in China and Indonesia. In early 2009, outbreaks of H1N1 influenza (commonly referred to as “swine flu”) occurred in Mexico and subsequently were detected in Asia. By June 2009, the WHO declared a global flu pandemic. The outbreak of an infectious disease such as avian influenza, SARS or H1N1 influenza in Singapore or elsewhere in Asia could have a negative impact on the region’s economy. In particular, an outbreak of a communicable disease such as SARS, in a country in which we have substantial operations may affect our shopping mall business in several ways, including, but not limited to, a decline in demand for consumer goods, a reduction in the number of visitors to the shopping malls, a decline in sales of tenants of the shopping malls and increased costs of cleaning and maintaining public facilities in the shopping malls. The impact of these factors on the operations of our portfolio of shopping malls could materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS ACTIVITIES IN CHINA

Our business may be materially and adversely affected by changes in the PRC’s political, economic and social conditions, laws, regulations and policies; our operations in the PRC are subject to PRC laws and regulations, some of which are relatively new and subject to change

Given that a significant portion of our income is derived from our business in the PRC, our business, results of operations, financial condition and prospects are subject to the risks of future economic, political and legal developments in the PRC. The PRC economy differs from the economies of other developed countries in terms of structure, government intervention, development, growth rate, control of foreign exchange, and resource allocation. Since the late 1970s, the PRC government has been implementing economic reform measures in using market forces to develop the PRC economy and has since transitioned from a planned economy to a more market-oriented economy. The PRC government however continues to play a significant role in regulating industries by promulgating economic policies. We cannot predict whether changes in the PRC’s political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

Our operations in the PRC are subject to the PRC legal system, which is essentially a civil law system based on written statutes where, unlike common law systems, decided legal cases have little value as precedents. The PRC government had, since 1979, begun promulgating a comprehensive system of laws and regulations governing economic matters in general. These laws and regulations are, however, relatively new and are often changing and published cases concerning these laws and regulations are limited. There may be divergences in their interpretation and enforcement. We cannot predict the effect of future developments in the PRC legal system on our business in China. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future projects and we cannot assure you that we will obtain these in a timely fashion or at all.

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Our ability to identify and acquire suitable land for acquisition and development at commercially reasonable prices may be affected by the PRC government's policies on land supply

The PRC government's policies on land supply may affect our land acquisition costs and our ability to acquire land use rights for future developments. The PRC government controls land supply and regulates the ways in which property developers obtain land for property development. In July 2002, regulations were introduced to require land use rights for commercial property developments be granted by public tender, auction or listing-for-bidding effective from July 1, 2002. Also, on May 24, 2006, the Ministry of Land and Resources announced that financial institutions should be cautious in extending loans and approving financings for enterprises, the real estate projects of which have exceeded one full year from the construction commencement dates as agreed in the land use right grant contracts, and which have completed development of less than 1/3 of the total land area to be developed or which have invested less than 1/4 of any given building's total investment directly in the construction of the building, and that financial institutions should also strictly control loan extensions and rolling credit. Such measures and any other similar measures in the future may affect property developments. Changes in government policy which reduce land supply for our future acquisition and affect our ability to tender for land may materially and adversely affect our business, results of operations and financial conditions.

We may be required to forfeit land if we fail to comply with the terms of land grant contracts

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, the designated use of the land and the schedule for commencing and completing the development, the relevant government authorities may issue a warning, impose a penalty and/or liquidated damages, or require us to forfeit the land. Any violation of the land grant contract may also restrict or prevent us from participating in future land bidding.

Under current PRC law, if we fail to commence the development of a parcel of land for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years from the relevant commencement date stipulated in the land grant contract, the land will be subject to forfeiture to the PRC government. Moreover, even if the commencement of the property development satisfies the stated requirements of the land use rights grant contract, if the developed GFA is less than one-third of the total planned GFA of the project or the total capital invested is less than one-fourth of the total planned investment the project, and development of the land is suspended continuously for more than one year without government approval, the land will still be treated as idle land. In the Notice on Promoting the Saving and Intensification of Use of Land 《國務院關於促進節約集約用地的通知》 promulgated by the State Council in January 2008, the aforesaid policy was reinforced. This notice states, among other things, that the Ministry of Land and Resources and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land 《關於嚴格建設用地管理促進批而未用土地利用的通知》 in August 2009, which reiterates the current rules regarding idle land. In September 2010, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction 《關於進一步加強房地產用地和建設管理調控的通知》, which provides that a property developer and its shareholders will be prohibited from participating in land bidding before any illegal behaviors in which it engages, such as leaving land idle for more than one year without cause, have been completely rectified. We cannot assure you that circumstances leading to the imposition of penalties or liquidated damages on us or the forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business, prospects, results of operations and financial condition.

RISK FACTORS

Our business prospects, results of operations and financial condition may be materially and adversely affected if we fail to obtain, or if there is any material delay in obtaining, any of the relevant PRC governmental approvals for our development projects

In developing and completing a property development, we are required to obtain various permits, licences, certificates and other approvals including, but not limited to, the State-owned Land Use Rights Certificates 《國有土地使用權證》, Planning Permit for Construction Land 《建設用地規劃許可證》, Planning Permit for Construction Works 《建設工程規劃許可證》, Permit for Commencement of Construction Works 《建設工程施工許可證》, Pre-sale Permit for Commodity Housing 《商品房預售許可證》 and certificates or confirmation of completion and acceptance from the relevant administrative authorities at various stages of the development of the property project. In particular, we are required to obtain State-owned Land Use Rights Certificates before commencing any property development and such certificates would generally only be issued after certain conditions have been satisfied. Such conditions include the relevant project company having executed the State-owned Land Use Right Granting Contracts 《國有土地使用權出讓合同》 with the relevant authorities whereby the land use right is obtained by grant, provided we have paid the land grant premium in full and relocated the local residents from the site area if so required.

We cannot assure you that we will obtain all necessary certificates and permits for our projects in a timely manner, or at all, and we cannot assure you that we will not encounter problems in fulfilling all or any of the conditions imposed for the grant of the necessary certificates or permits, or that we will be able to expeditiously adapt to new laws, regulations or policies that may come into effect from time to time with respect to the granting of such items. There may also be significant delays in the granting of such items to us by the relevant PRC administrative bodies. If we fail to obtain, or are considered by relevant governmental authorities to have failed to obtain, or experience significant delays in obtaining, the requisite governmental approvals, penalties could be levied on us and our schedule of property development could be substantially disrupted. This could materially and adversely affect our business, results of operations and financial condition.

We may be subject to legal and business risks if we fail to obtain, renew or maintain qualification certificates

Property developers must obtain a qualification certificate in order to carry out property development in the PRC. According to the Provisions on Administration of Qualification of Real Estate Developers 《房地產開發企業資質管理規定》, newly established property developers must first apply for a provisional qualification certificate, which is valid for one year and can be renewed for a maximum of two additional years. A property developer is required to obtain a formal qualification certificate with an approved class before its provisional qualification certificate expires. Formal qualification certificates are subject to renewal on an annual basis. Government regulations require developers to fulfill all statutory requirements before obtaining or renewing their qualification certificates. In addition, before commencing their business operations, entities engaged in property service are required to obtain qualification certificates in accordance with the Measures for Administration of Qualifications of Property Service Enterprises 《物業服務企業資質管理辦法》.

Each of our project companies in China is responsible for the annual submission of its renewal application and shall engage in property developments within its qualification certificate class. If any of our project companies is unable to meet the relevant qualification requirements, it will generally be given a grace period to rectify any non-compliance and may be subject to a penalty of between RMB50,000 and RMB100,000. Failure to ratify the non-compliance within the grace period could result in the revocation of the qualification certificate and the business license of the relevant project company. We cannot assure you that our project companies in China will be able to renew our provisional qualification certificates, or obtain or renew our formal qualification certificates in a timely manner, or at all. If any of our project companies in China fails to do so, our business, prospects, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

Our investments in the PRC are subject to the PRC government's control over foreign investment in the property sector

The PRC government imposes restrictions on foreign investment in the property sector to curtail the overheating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons. For example, in May 2007, MOFCOM and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC 《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》 which, among other things, provides that:

- foreign investment in the property sector in the PRC relating to luxury properties should be strictly controlled;
- prior to obtaining approval for the establishment of foreign-invested real estate enterprises, either (i) both the land use rights certificates and housing title certificates should be obtained, or (ii) contracts for obtaining land use rights or housing titles should be entered into;
- foreign-invested real estate enterprises approved by local authorities shall immediately register with MOFCOM through a filing made by the local authorities; and
- foreign exchange administration authorities and banks authorized to conduct foreign exchange business should not effect foreign exchange settlements of capital account items for those foreign-invested real estate enterprises which have not completed their filings with MOFCOM or fail to pass the annual inspection.

These restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material adverse effect on our business, prospects, financial condition and results of operations.

Also, the PRC government has imposed restrictions on the ability of foreign-invested PRC property developers to receive offshore funds. In July 2007, the General Affairs Department of SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce 《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》. The notice stipulates, among other things, (i) that SAFE will no longer process foreign debt registrations or applications for the purchase of foreign exchange submitted by real estate enterprises with foreign investment who obtained authorization certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or alteration of such registrations) or applications for the sale and purchase of foreign exchange submitted by real estate enterprises with foreign investment which obtained approval certificates from local government commerce departments on or after June 1, 2007 but which did not register with MOFCOM. This new regulation prohibits foreign-invested real estate companies from raising funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans. This notice, however, does not restrict property developers from receiving foreign capital by way of increasing the registered capital of existing foreign-invested companies or through the establishment of new foreign-invested real estate companies, provided that such increase of registered capital or establishment of new company has been duly approved by MOFCOM or its local branches and registered with MOFCOM.

As a foreign-invested PRC property developer, we are subject to this notice. However, we cannot assure you that we will be able to obtain in a timely manner, if at all, all necessary foreign-exchange approval certificates for the deployment of offshore funds, or that we will be able to obtain in a timely manner, if at all, any registration of new foreign-invested subsidiaries or additional registered capital increases in the future. Further, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to repatriate funds to China. If our ability to repatriate funds to China is limited, our liquidity and our ability to fund and expand our business could be adversely and materially affected.

RISK FACTORS

In addition, any capital contributions made to our operating subsidiaries in China are also subject to the foreign investment regulations and foreign exchange regulations in the PRC. For example, in accordance with a circular promulgated by SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprises into Renminbi 《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》, unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign-invested enterprise and cannot be used for domestic equity investment or acquisition. Pursuant to this listing document, we may encounter difficulties in increasing the capital contribution to our project companies and subsequently converting such capital contribution into Renminbi for equity investment or acquisition in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make capital contributions to our project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our business, prospects, financial condition and results of operations.

Governmental control over currency conversion may limit the ability of those PRC entities in which we have interests to utilize cash effectively and affect their ability to pay dividends to us

A significant portion of our revenue is denominated in Renminbi. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Shortages in the availability of foreign currency may restrict the ability of those PRC entities in which we have interests to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the PRC foreign exchange control system limits the ability of those PRC entities in which we have interests to pay dividends to us, this may have an adverse impact on our business, financial condition, results of operations and prospects.

Fiscal tightening measures in the PRC may adversely affect our ability to obtain financing, or to obtain financing at acceptable rates

Fiscal tightening measures have resulted in a rise in interest rates in China since our initial listing on the SGX-ST, with the PBOC 12-month benchmark bank lending interest rate increasing from 5.31% to 6.56% and the PBOC over five-year benchmark bank lending interest rate increasing from 5.94% to 7.05% from November 2009 to July 2011. The average interest rate for our Renminbi-denominated borrowings for the six months ended June 30, 2011, which comprised 9.6% of our total borrowings as at June 30, 2011, was 6.20%. Interest rates in China may continue to rise, resulting in increases in financing costs which may materially and adversely affect our overall business, financial condition and results of operation.

Furthermore, the PBOC has adjusted the deposit reserve ratio for banks and other financial institutions several times in the past few years, increasing the rate for commercial banks from 15.5% at the beginning of 2010 to a record high of 21.5% in June 2011. The deposit reserve ratio refers to the amount of funds that banks must hold in reserve against deposits made by their customers. The increase of the deposit reserve ratio may negatively impact the amount of funds available to be lent to business, including us, by commercial banks in the PRC. The central and local authorities may continuously adjust interest rates and other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in the PRC, which may adversely affect our business.

RISK FACTORS

Our companies may not qualify as “beneficial owners” for purposes of tax treaty access and therefore may be denied treaty benefits in relation to their China-sourced dividends (and interest, if any) which will in turn affect the return to our shareholders

The China tax authorities have issued a number of circulars on the procedures for seeking benefits under China’s network of tax treaties and the circumstances in which a non-resident recipient of China-sourced income would qualify as “beneficial owner” for access to such tax treaties.

In particular, the China State Administration of Taxation (“SAT”) issued Guoshuifa [2009] 124 (“Circular 124”) on August 24, 2009, which came into effect on October 1, 2009, to further regulate the China tax administration for non-residents seeking to enjoy tax treaty benefits. Pursuant to Circular 124, if a non-resident is eligible for tax treaty benefits on dividends, interest, royalties and capital gains, it should comply with the relevant application and registration procedures with the China tax authorities including the filing of prescribed documents. One of the prescribed documents requires a non-resident enterprise to provide detailed information including description of the non-resident’s major business operations, number of employees and total amount of gross income generated in its home jurisdiction. This information would then form the basis of the China tax authorities’ assessment on whether tax treaty relief would be granted.

In addition to Circular 124, the non-resident should also be the beneficial owner of the China-sourced dividends, interest and royalties for tax treaty access purposes. In this regard, the SAT subsequently issued Guoshuifa [2009] 601 (“Circular 601”) providing guidance in the interpretation of beneficial owner when an applicant is applying for tax treaty access on dividends, interest and royalties under the tax treaty network of China (see “Appendix VII – Taxation” for further details on Circular 601).

Further, with the introduction of the China General Anti-Avoidance Rules (“GAAR”) under the China corporate income tax regime, if an enterprise carries out any business arrangements without reasonable business purposes (i.e. the primary purpose is to reduce, avoid or defer China tax payment) which result in reduction of its taxable revenue or income, the China tax authorities are empowered to make adjustments on the income of taxpayers using reasonable methods. The China tax authorities will adopt the “substance-over-form” approach in assessing whether the enterprise has entered into tax avoidance arrangements and any tax benefits associated with tax-avoidance schemes may be denied.

In light of the above, there is no assurance that our companies will necessarily be able to benefit from the lower withholding tax rate provided under the applicable tax treaty.

Our non-China entities may be classified as a “China tax resident enterprise” for China Corporate Income Tax purposes, which could result in unfavourable tax consequences to us and our shareholders

The China Corporate Income Tax Law provides that enterprises established outside China whose “de facto management bodies” are located in China are considered “China tax resident enterprises” and would be subject to the uniform corporate income tax rate, currently 25.0%, on their worldwide income. Under the detailed implementation rules to the China Corporate Income Tax Law, a “de facto management body” is defined as a body that has substantive and overall management and control over the business operations, personnel, finance and assets of an enterprise.

The SAT issued Guoshuifa [2009] 82 (“Circular 82”) on April 22, 2009 to clarify the meaning of “de facto management bodies” in relation to offshore enterprises whose major shareholders are enterprises or groups within the territory of China. However, the SAT has not issued any guidance on the application of the China Corporate Income Tax Law and its implementation rules in relation to offshore enterprises which are controlled by non-China shareholders. It is possible that the China tax authorities may make reference to Circular 82 for the purpose of determining whether an entity established outside China and controlled by non-China shareholders is a China tax resident enterprise.

RISK FACTORS

We have significant operations in China, and hold our property interests in China through various entities, including through subsidiaries, REITs, private real estate funds, joint ventures and other vehicles. If any entity outside China in which we have an interest is deemed a “China tax resident enterprise” for China Corporate Income Tax purposes, such an entity will be subject to corporate income tax, currently at the rate of 25.0%, on its worldwide income. In addition, any dividend paid by such an entity which is deemed a China tax resident enterprise to its foreign shareholders may be subject to China withholding tax at 10.0% or the reduced withholding tax rate under the applicable tax treaty or agreement. If any of these events occur, our business, financial condition, results of operations and prospects may be adversely affected.

Gain on the sale of equity interests in our non-China entities may become subject to China Corporate Income Tax

Guoshuifa [2009] 698 (“Circular 698”) was issued by the SAT on December 10, 2009 (but applies retroactively from January 1, 2008) to regulate and strengthen the Corporate Income Tax administration of capital gains derived by non-residents through direct or indirect transfer of China equity interest. It covers tax filing and tax payment responsibility for the non-resident seller in the case of a direct disposition, as well as the reporting responsibility for the non-resident seller in the case of an indirect disposition. See “Appendix VII – Taxation – China” for further details on Circular 698.

Therefore, in the event of a disposal of equity interest in any of our non-China entities and such disposal is treated as an indirect transfer of China equity interest, any gains arising from such disposal may be subject to China Corporate Income Tax at the rate of 10.0%.

There is uncertainty about the quantum of land grant premium which has to be paid and additional conditions which may be imposed in the event an extension of the land use rights for the properties in which we have an interest is sought

Our interests in the majority of our properties in China are evidenced by land use rights granted by the Chinese government. Upon the expiration of the terms of the land use rights, the land use right as well as the ownership of these properties, except for the land use right for residential purposes (the extension of the term of which is automatic), will revert to the Chinese government unless the land user applies for an extension of the term of such land use rights and the application is approved. If an application for extension is granted, the land user will be required to, among other things, pay a land grant premium. As none of the land use rights granted by the Chinese government similar to those granted for our properties has, as of the date of this listing document, run its full term, there is no precedent to provide an indication of the quantum of land grant premium which we will have to pay and additional conditions which may be imposed if we decide to seek an extension of the land use rights for the relevant properties upon the expiry thereof.

Our business is affected by the performance of the property market in China, which is at a relatively early stage of development

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. It is extremely difficult to predict how much and when demand will develop, as many social, political, economic, legal and other factors, most of which are beyond our control, may affect the development of the property market. The level of uncertainty is increased by the limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC. Such uncertainty may have an adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

The lack of a liquid secondary market for residential real estate may discourage investors from acquiring new properties as resale is not only difficult, but can also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights, may further inhibit demand for property developments.

It may be difficult to enforce judgments obtained from non-PRC courts in China

A significant portion of our business is carried out in China, and we may be required to enforce in China judgments obtained from courts of other jurisdictions. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of prescribed requirements. Our PRC legal adviser has advised us that the PRC does not have treaties providing for the reciprocal acknowledgement and enforcement of judgments of courts with the United States and most other western countries. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult.

We are subject to the credit and performance risk of vendors for certain transactions where payment arrangements on a temporary basis have been made offshore

Some of our investments in China have been structured in a manner where payments have been made outside China on a temporary basis to a counterparty before the relevant Chinese approvals and procedures for the investments within China have been obtained or completed. The payments are generally temporary in nature to secure the counterparty's commitment to the transaction. We are exposed to the credit and performance risk of the counterparty with respect to the timely and full return of the offshore payments once the requisite Chinese regulatory approvals and procedures for the investments into China have been obtained. Chinese regulatory guidelines on capital flows and the debt-to-equity ratio of real estate owning companies may result in our having to secure borrowings within China to satisfy the payment of the consideration for our investments. These onshore borrowings may have to occur before amounts paid offshore to the counterparty can be repaid to us. We cannot assure you that we will be able to borrow locally on commercially acceptable terms or at all. Our counterparty may also be subject to regulatory requirements in the repatriation offshore of payments made to it within China, which could also result in a delay or default in the repayment of the offshore payments by the counterparty to us. If any of such events occur, our potential investment into China may fail, and we may be unable to recover any part of the offshore payments we may have made in connection with such a potential investment.

RISKS RELATING TO OUR BUSINESS ACTIVITIES IN MALAYSIA

We may be unable to obtain relevant approvals from the Malaysian authorities

Approval of the state authorities is required prior to any acquisition, transfer or disposal of interests in land or any creation of a lease or a charge over certain types of the land in Malaysia. Any acquisition, transfer or disposal of interest in land in favour of any foreign interest requires approval of the state authorities under the relevant land legislations.

However, there can be no assurance that the Malaysian state authorities will approve the application for approval to transfer land or disposal of interest in land.

In the event that we wish to acquire any real property in Malaysia or realize our investments in Malaysia which require such approvals, by transferring or disposing the same, we cannot assure you that we will be able to obtain the necessary approvals to do so, in a timely manner or at all.

If such an event occurs, our proposed acquisition or disposal may not be completed in a timely manner or at all and as a result of which our business, financial condition, results of operations and prospects may be adversely affected.

RISK FACTORS

We may face risks relating to taxation in Malaysia

Malaysia has introduced thin capitalization legislation from January 1, 2009 that disallows a deduction for interest and other financial charges in respect of financial assistance granted by associated persons which are deemed by the Malaysian tax authorities to be excessive.

The Malaysian Ministry of Finance has announced that the implementation of such thin capitalisation rules is deferred to after the end of December 2012. In the meantime, a review of the implementation of the thin capitalisation rules will be carried out by the Ministry of Finance from time to time.

Should there be a change and such legislation is enforced, it is possible that a significant portion of the interest paid by our Malaysian companies which are thinly capitalized will be disallowed as a deduction leading to a significant increase in the Malaysian tax charged on these companies.

RISKS RELATING TO OUR BUSINESS ACTIVITIES IN JAPAN

Our business in Japan may be affected by the recent earthquakes and tsunami of March 11, 2011

On March 11, 2011, the area around Fukushima, north of Tokyo on the island of Honshu in northern Japan, experienced a severe earthquake and tsunami which caused significant damage to buildings and infrastructure in the region, including a nuclear power plant. There have been several aftershocks in the months following the initial earthquake, resulting in further damage, and there may continue to be sustained disruptions and further collateral damage, particularly relating to the damage suffered by the nuclear power plant.

As a result of these events, some rating agencies have lowered their outlook on Japan to “negative”, with economists predicting that the Japanese economy will expand at a slower pace in the coming year. Furthermore, in addition to material damage caused by the earthquake and tsunami, consumer spending has been affected. The Japanese government has reported that retail sales in March 2011 declined 8.3% from the same period a year earlier, the biggest drop in 13 years.

As at June 30, 2011, we have seven properties in Japan which amounted to approximately 2% of the total property value of the Group’s portfolio, based on effective interest. Although none of our properties is located in the vicinity of Fukushima or the immediately surrounding area, and none of our properties was materially damaged by the earthquake and tsunami, as a result of these events there may be reductions in shopper traffic and consumer spending at our shopping malls, loss of income for our tenants and ultimately, defaults in lease payments, resulting in a material adverse effect on our business.

We are subject to risks arising from certain types of leases at our Japanese properties that must be extended automatically

In Japan, leases are in general statutorily extended automatically at the option of the tenant, on the same terms and conditions upon expiry, and the landlord is required to obtain the tenant’s consent before disallowing an extension of the lease. Under the Japanese Land Lease and Building Lease Law, the landlord may only unilaterally refuse to renew an ordinary lease if such refusal to extend can be justified. The existence of “justifiable grounds” is narrowly determined by considering a combination of factors relating to the specific characteristics of each lease and its history, on a case-by-case basis. As a result, in the event that the tenant does not agree to an increase in rent or other revisions in the terms and conditions of the lease, as landlord or manager of the Japanese properties we may be unable to refuse to renew the lease unilaterally and the lease will have to continue based on the existing terms and conditions unless there are justifiable grounds for disallowing the non-renewal of the lease. Such an arrangement restricts the ability of landlords and owners of Japanese retail properties to amend the terms of the lease or terminate the lease in the event an agreement is not reached.

RISK FACTORS

Some of the properties we acquire in the future may be in the form of co-ownership (kyoyu) and our rights relating to such properties may be affected by the intentions of other owners

Properties we acquire in the future may be in the form of co-ownership interests. Under Japanese law, a co-owner of property has the right to sell its interests in the property without the consent of the other co-owners, unless there is an agreement between the co-owners that requires such consent or grants a right of first refusal. In general, a co-owner has the right to demand that such property be partitioned. Although special provisions may be included to contractually prohibit the exercise of such right of partition, such provisions are only valid for a period of five years (which may in turn be renewed for subsequent periods of five years). If a co-owner of one of our properties becomes subject to bankruptcy proceedings, corporate reorganization or civil rehabilitation proceedings, the trustees in the proceedings of such co-owner may have the right to demand that such property be partitioned. Although the other co-owners of the property may, if so agreed, have a right of first refusal to purchase the ownership interests of the defaulting or selling co-owner, we may not be able to exercise such rights on favorable terms. In addition, a sale of our co-ownership interests under such circumstances may result in liquidation proceeds that are less than the appraisal value of the property or interests being sold, which would have an adverse effect on our business and results of operations.

A co-owner of a property may mortgage its interest in the property. However, such mortgage becomes applicable to the entire property when the co-owned property is partitioned. Accordingly, each of the co-owners in such case would be subject to such mortgage in proportion to its ownership interests. There is a risk that our interests in properties that were formerly owned through co-ownership and owned by us independently following a partition may be subject to a mortgage that was placed by a former co-owner.

The tenants of our Japanese properties are granted a right under the Land Lease and Building Lease Law (Shakuchi-shakuya-hou) and the Building Lease Law (Shakuya-hou) to unilaterally reduce the rent

Under the Japanese Land Lease and Building Lease Law and the Japanese Building Lease Law, tenants are granted a statutory right to require a reduction in rent payable, as long as they are able to justify the exercise of their right on the grounds of unreasonable rental rates, whether resulting from a change in the applicable tax rates or other costs, the value of the building or land, or economic conditions, or in comparison with rental rates in other comparable buildings in the vicinity, etc. Under Japanese law, a landlord is unable to increase rent if the lease agreement provides that rent increases are prohibited. However, a tenant may in general request for a reduction in rent, even though the lease agreement contains a prohibition against rent reductions. Furthermore, the exercise of the right to rent reduction by a tenant cannot form the basis on which a landlord may terminate the lease. Such rules may adversely affect the value of our investment in and the income we may generate from our interests in properties in Japan.

Our properties in Japan may violate earthquake resistance building codes, requiring expenditure by us to strengthen or destroy the properties or repair extensive damage caused to the properties during an earthquake

In Japan, architectural plans for buildings must be checked by either a licensed third-party engineering firm, an architect or a local government for compliance with building codes, including earthquake resistance standards. The level of complexity of structural calculations makes it difficult to audit the work of firms, architects or governments that performed the calculations when a building was originally designed and built. Furthermore, in November 2005, a Japanese architect admitted to falsifying structural strength calculations when checking the architectural plans of buildings for compliance with earthquake resistance building codes. More recently, in January 2007, it was discovered that two hotels did not comply with the earthquake resistance building codes as a Japanese architect had falsified structural strength calculations. Although the architectural standards were improved in 2009, there is no guarantee that new standards will prevent falsification of structural strength calculations by architects. Therefore, there can

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be no assurance that our properties in Japan will not subsequently be discovered to have also been built in violation of earthquake resistance building codes. We may be required to spend large sums of money and dedicate significant resources to strengthen or destroy the affected properties. Furthermore, these non-compliant properties may collapse or suffer extensive damage even in a minor earthquake. Should any of our properties in Japan be heavily damaged or endanger lives during an earthquake, we may be required to compensate victims, incur huge costs to repair or destroy the affected property, and we may suffer a loss of rental revenues. These losses and expenditures may exceed any indemnity, damages awarded or insurance proceeds which may be paid to us. This could adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS ACTIVITIES IN INDIA

Our title over land in India in which we have an interest may be subject to legal uncertainties and defects and expose us to legal disputes

The method of documentation of land records in India has not been fully computerised and India does not have a central title registry for real property. Land records and related documents are primarily updated manually. This could result in such records being inaccurate. The land records are often hand-written in local languages and may not be legible, making it difficult to ascertain the contents of the records. In addition, the land records are often in a poor condition and at times untraceable, which materially impedes the title investigation process. Further, title insurance is not commercially available in India to guarantee title or developmental rights in respect of land. Therefore, title records provide only for presumptive title rather than a guaranteed title to the land. The difficulties in verifying title to land, may increase our exposure to third parties claiming title to the property. This could even result in a loss of title to the property, affect valuations of the property, or otherwise materially prejudice the development of the property which could in turn have an adverse effect on our business, financial condition, results of operations and prospects.

More often than not, the title to land is fragmented and it is possible that land relating to one property may have come from multiple owners. Some lands may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping, and may be subject to encumbrances that we or the entities in which we have interests may not be aware of. Further, we may be unable to identify potential disputes, unregistered encumbrances or adverse possession rights on the title to the land that we purchase. The uncertainty of title to land makes the acquisition process more complicated. It may also impede the transfer of title, thereby exposing us or the entities in which we have interests to legal disputes and adversely affect land valuations.

Further, independent verification of title over land in India may be difficult and time consuming. While we generally conduct necessary searches of land title prior to the purchase/acquisition of land for our development purposes in-house and seek to retain lawyers to conduct due diligence and assessment exercises and/or provide us title search reports, written or otherwise, prior to acquiring land, entering into joint or sole development agreements with land owners, and undertaking projects, it is impracticable for counsel to give legal opinions satisfying various technical legal requirements which arise out of court decisions because of the uncertainties discussed above.

Property litigation in India is generally very time-consuming and litigation with respect to land ownership in India is common (including public interest litigation). Legal disputes in respect of land title may take several years and considerable expense to resolve if they become the subject of court proceedings. If any property in which we have an interest is subject to any litigation this could delay a development project. Any judgment obtained in the Indian courts in respect of the ownership of or title to any particular development may also be difficult or time consuming to enforce, if at all enforceable.

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Ambiguity in Indian laws governing foreign direct investment in the real estate sector may adversely affect our investments made in India or hamper our ability to make further investments in India

Foreign direct investment in India is governed by laws including the Foreign Exchange Management Act, 1999 and the regulations made by the Reserve Bank of India thereunder. Additionally, Circular 2 of 2010 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India with effect from April 1, 2011, contains the consolidated policy for foreign direct investment in India (“Consolidated FDI Circular”). The Consolidated FDI Circular imposes certain conditions on investment in development of townships, housing, built-up infrastructure and construction development projects. However, the Consolidated FDI Circular is subject to differing interpretations. For example, while the Consolidated FDI Circular has clarified that a lock-in period of three years would apply from the date of receipt of each tranche of FDI, or from the date of completion of minimum capitalization, whichever is later, it is still not clear as to whether the lock-in for each tranche shall apply only to funds infused after October 1, 2010, or whether it will also apply for tranches infused prior to October 1, 2010. Further, foreign direct investment is subject to the condition that the “minimum capitalization” for joint ventures with Indian partners should be USD 5.0 million; however, there is ambiguity regarding the interpretation of this term. In addition, although the Consolidated FDI Circular stipulates that funds have to be brought in within six months of “commencement of business of the company,” the term “commencement of business of the company” has not been defined or explained and may also be subject to differing interpretations. We cannot predict the position the Government of India will take in interpreting such provisions of the Consolidated FDI Circular. The Government of India proposes to update the Consolidated FDI Circular every six months, and, therefore, the FDI Circular will be valid until an updated Circular is issued on September 30, 2011. An interpretation by the Government of India of the Consolidated FDI Circular that is adverse to the investments we have made in India could result in a partial or total reversal of such investment and may otherwise adversely affect our business, financial condition, results of operations and prospects.

We face risks relating to taxation in India

Arising from changes in tax laws and regulations

The income and gains derived from investment in companies engaged in construction development projects in India will be subject to various types of taxes in India, including income tax, dividend distribution tax, and any other taxes which may be specific to the areas in which the properties are located, or that may be imposed specifically on ownership of real estate in India. All of these taxes, which are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, could adversely affect and erode the returns from our Indian properties and hence our profitability.

The income from leasing of properties may be taxed as “business income” or “income from house property” under Indian tax laws and each of these have different computational mechanisms. Currently, the position under the domestic tax laws for classification of income derived from the business of leasing properties is not settled and thus would depend upon the judicial precedents and the facts and circumstances of each case. However, the draft Direct Tax Code Bill 2010 (“DTC”) proposed to be implemented from April 1, 2012 (as discussed below) provides that income from leasing of properties (subject to exception in respect of special economic zone, hotel, hospital, convention centre, cold storage), will be classified as “Income from house property” notwithstanding that letting is in the nature of trade, commerce or business. See “Appendix VII – Taxation” for further details on “income from house property.”

Currently, gains arising from the sale of shares in companies engaged in construction development projects are considered as liable to capital gains tax in India arising from the sale of shares. In future, there may be a possibility that Indian revenue authorities may contend that income from sale of shares held in a

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company engaged in construction development projects (where the underlying assets primarily comprise real estate properties) are not eligible for a capital gains exemption (as provided in the applicable tax treaty) in respect of capital gains from the sale of shares, and instead taxable as income from immovable property and hence taxable in India.

Recent judicial precedents and positions adopted by the Indian revenue authorities suggest that the Indian revenue authorities are seeking to levy taxes on the indirect change in ownership of Indian companies through the sale of offshore companies and this is being contested before the Indian judicial authorities. The decision of the Indian judicial authorities or a change in law to this effect could have material adverse Indian tax consequences on the future sale of offshore companies that indirectly own shares in Indian companies.

In addition, the DTC, which was placed before the Indian Parliament on August 30, 2010 and is envisaged to come into force from April 1, 2012, proposes to consolidate direct taxes under a common tax code. The DTC proposes to subject to tax income arising in the hands of a non resident on transfer outside India of any share or interest in a foreign company, if the fair market value of assets in India (indirectly owned by foreign company) represents 50.0% or more of the fair market value of all assets held by the foreign company at any time in 12 months preceding the transfer of share or interest in foreign company. Some of the changes proposed pursuant to the DTC include:

- (i) the introduction of General Anti Avoidance Rules (“GAAR”) – a broad set of provisions that has the effect of invalidating an arrangement that has been entered into by a taxpayer with the main objective of obtaining a tax benefit (reduction, avoidance or deferral of tax). Consequentially, the Indian revenue authorities are granted powers to disregard the transaction and adjust the income of the taxpayer so as to counteract the attendant tax advantage;
- (ii) modifying the test of residency for foreign companies – to treat a foreign company as a resident in India based on the existence of a “place of effective management” in India; and
- (iii) levying Branch Profit Tax at 15.0% in addition to income tax on foreign companies having a permanent establishment or an immovable property in India.

In addition, it is proposed that the DTC would override the provisions of Double Taxation Avoidance Agreements (i.e. tax treaties) in a situation where GAAR is invoked, Controlled Foreign Company Rule is invoked or Branch Profit Tax is levied. All these proposed changes could have material adverse Indian tax consequences for our activities and operations in India and affect our business, financial condition, results of operations and prospects.

Renegotiation of the India-Mauritius Double Taxation Avoidance Agreement

Investors should note that the taxation of income of the Mauritius Special Purpose Vehicles (SPV) arising from its investments in India is expected to be benefited by the provisions of the tax treaty between India and Mauritius. No assurance can be given that the terms of this tax treaty will not be subject to re-negotiation in the future. There can also be no assurance that this tax treaty will continue to remain in force. Further, the Indian tax authorities may seek to take a position that the Mauritius SPVs and / or the investors in the Mauritius SPVs are not entitled to the benefit of the tax treaty.

Exposure to permanent establishment

While our Company believes that our activities and those of any of our non-India companies with respect to India investments should not create a permanent establishment in India, and that no portion of its profits are taxable in India, there is a risk that the Indian tax authorities could take a contrary view. If for any reason our Company or any of our non-India companies with respect to India investments is held to have a permanent establishment in India, the profits earned by us or any of such entities could be subject to tax in India.

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RISKS RELATING TO OUR PARENT COMPANY

We may have to pay to use or may not be able to use the “Capita” name and related marks and logos

We have entered into the Licence Agreement with CapitaLand whereby CapitaLand has granted us a licence to use, *inter alia*, the “CapitaMall,” “CapitaMalls,” “CapitaMalls Asia,” “CapitaRetail,” “CapitaCard,” “CapitaVoucher,” “凱德商用” and “嘉德置地” marks in our business for a nominal consideration of a one-off payment of S\$1.00. However, the Licence Agreement provides that if the Collaboration Agreement with CapitaLand is terminated, we will be required to pay an annual licence fee equal to 1.0% of the value of the total consolidated assets of our Group (based on our latest audited accounts) under the Licence Agreement. The Licence Agreement may be terminated forthwith, *inter alia*, by CapitaLand when it holds less than an aggregate of 15.00% direct and deemed interest in the issued and paid-up share capital of our Company, or ceases to be our single largest shareholder based on the aggregate of its direct and deemed interest in the issued and paid-up share capital of our Company, or if we or our sub-licensees change our respective names or part thereof. We may terminate the Licence Agreement by giving three months’ notice if CapitaLand holds less than an aggregate of 15.00% direct and deemed interest in the issued and paid-up share capital of our Company or upon all the entities in our Group and the associated companies in which we have an interest changing their names such that each of them no longer incorporates “CapitaMall,” “CapitaMalls,” “CapitaRetail,” “CapitaCard” or “CapitaLand” as part of their names. See “Relationship with Our Controlling Shareholder – Independence From CapitaLand Group – Operational Independence.”

If any of these events occur, we and our sub-licensees will not be able to use the aforesaid marks and, as a result, will have to change the names that we or they use in our or their businesses. This could adversely affect the perception of investors in us or in the joint ventures, REITs, private real estate funds or other vehicles in which we co-invest or which we manage, and of financiers, tenants or visitors to the shopping malls in which we have an interest, or of other counterparties, as to our credibility, creditworthiness, and abilities, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects. Notwithstanding the above, the use of certain marks by CMT and CRCT shall survive the termination of the Licence Agreement subject to certain exceptions.

Our business is significantly influenced by our relationship with CapitaLand

We are substantially owned by CapitaLand.

We have entered into the Collaboration Agreement with CapitaLand, whereby CapitaLand and ourselves have agreed on our approach with respect to certain retail and non-retail real estate investment opportunities. See “Relationship with Our Controlling Shareholder” for details of the Collaboration Agreement. We have also entered into various arrangements with the CapitaLand Group pursuant to which the CapitaLand Group will provide to our Group advisory and other services in relation to, *inter alia*, administration, information technology, human resource, tax, treasury, risk management and corporate communications and marketing, as well as the Licence Agreement under which we have been granted a licence to use, *inter alia*, the “CapitaMall,” “CapitaMalls,” “CapitaMalls Asia,” “CapitaRetail,” “CapitaCard,” “CapitaVoucher,” “凱德商用” and “嘉德置地” marks.

In the event that (i) we are unable to leverage on the brand name, business network and expertise of CapitaLand in any material respect for any reason (including as a result of the Collaboration Agreement being terminated), (ii) we are otherwise unable to be the vehicle through which CapitaLand will invest in or jointly develop the types of retail properties specified in the Collaboration Agreement, (iii) there is a material change in business strategy, key management or major shareholder of CapitaLand, or (iv) a sell down by CapitaLand is viewed adversely by investors and others that we may do business or contract with, our business, financial condition, results of operations and prospects may be adversely affected. In addition, the terms of some of the financing arrangements and other debt instruments in respect of our

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Group and our investments require that we continue to remain a subsidiary of or otherwise affiliated with CapitaLand. We cannot assure you that CapitaLand will not reduce its shareholding in our Company in the future, or that any agreements we enter into in the future will not contain such terms that impose a shareholding requirement in our Company on CapitaLand, or that we will be able to ensure that such terms, if any, will not be breached. If any such events occur, our ability to borrow and our business, financial condition, results of operations and prospects may be adversely affected.

On completion of the Listing, CapitaLand will remain a controlling shareholder of our Company and shareholders' approval may be required for certain transactions between CapitaLand and us

Immediately after the Listing, CapitaLand will be deemed to be a controlling shareholder of our Company under the SGX Listing Manual as well as the HKEx Listing Rules. Under the SGX Listing Manual, a "controlling shareholder" is defined to be a person who holds directly or indirectly 15.00% or more of the total number of issued shares excluding treasury shares in a company, or in fact exercises control over a company. As such, if for the purposes of the SGX Listing Manual, CapitaLand is regarded as in fact exercising control over us, CapitaLand may still be deemed as our "controlling shareholder" even if its shareholding falls below 15.00%. For so long as CapitaLand remains a controlling shareholder, if it has an interest (direct and indirect) of 30.00% or more in any entity (including any REIT or private real estate funds managed by us) in the future, such entity will be regarded as an associate of CapitaLand and any transaction between us and such entity will be an interested person transaction under the SGX Listing Manual. If the value of such transaction exceeds the prescribed thresholds in the SGX Listing Manual, such transaction will require the prior approval of our shareholders in a general meeting, and this may delay or hinder the transaction and the process by which we may effect the transaction. In the event that we are unable to obtain shareholders' approval for such transactions, our ability to expand our business will be restricted and this may adversely affect our business, financial condition, results of operations and prospects.

There may be potential conflicts of interests between us and CapitaLand

CapitaLand is engaged in the investment in, and the development and management of, among other things, a large portfolio of properties, including properties with a retail component. As a result, there may be circumstances where our investments compete directly with the properties that CapitaLand operates (by itself or with another joint venture partner).

We have entered into the Collaboration Agreement pursuant to which CapitaLand has covenanted that it will not, amongst others, engage in, carry on (whether alone or in partnership or joint venture with anyone else) or otherwise be interested in (whether as trustee, principal, agent, shareholder, unit holder or in any other capacity) any business in respect of any CapitaMalls Asia Business. See "– Our business is significantly influenced by our relationship with CapitaLand" and "Relationship with Our Controlling Shareholder."

We entered into the Collaboration Agreement to address any potential conflicts of interest that may arise between ourselves and the CapitaLand Group. Except as provided for in the Collaboration Agreement, we and CapitaLand may not compete against each other. The Collaboration Agreement contains certain conditions and specific thresholds under which both parties agree not to compete against each other. As such, the Collaboration Agreement does not cover all eventualities. Accordingly, CapitaLand may nevertheless potentially compete with us, in situations that are not covered under the Collaboration Agreement, or if the conditions or thresholds that oblige CapitaLand not to compete with us are not fulfilled, and we cannot assure you that conflicts of interests between us and CapitaLand would not arise or have been adequately addressed by the Collaboration Agreement.

See "Relationship with Our Controlling Shareholder" for details of the Collaboration Agreement and for the definitions of capitalized terms used in this risk factor.

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RISKS RELATING TO OWNERSHIP OF THE SHARES

Our Shares may not be a suitable investment for all investors

Each potential investor in our Shares must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the Company, the merits and risks of investing in the Shares and the information contained or incorporated by reference in this listing document;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the impact the Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the potential investor's currency;
- understand thoroughly the terms of the Shares; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The market price of our Shares may be volatile

The market price for our Shares may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities research analysts and failure to perform in line with these estimates;
- government regulations;
- general economic conditions and investor perception of the investment environment in Asia, including Singapore, Hong Kong, Malaysia, the PRC, India and Japan;
- addition or departure of key personnel;
- fluctuations of exchange rates between the Singapore Dollar, the Renminbi, the HK dollar, Malaysian Ringgit, Japanese Yen and Indian Rupees; and
- the general economy and other factors.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Shares. We cannot assure you that the price of our Shares will not decline.

Sales or possible sales of a substantial number of Shares by us or one of our shareholders following the Listing could adversely affect the market price of the Shares

Immediately following the Listing and not taking into account the lending of Shares to the Bridging Dealers under the Stock Borrowing and Lending Agreement described in the section "Listings, Registration, Dealings and Settlement – Bridging Arrangements", we will have 3,885,081,827 issued Shares, of which 2,544,020,000 Shares, or 65.48% of our outstanding Shares will be owned by CapitaLand. CapitaLand may dispose any or all of its Shares any time after the Listing. However, CapitaLand does not have any current intention to dispose of its shares. The Shares will be traded on the main boards of the SGX-ST and the HKEx. If we or any of our shareholders issues and/or sells or is perceived as intending to issue and/or sell, as the case may be, a substantial amount of Shares, the market price of the Shares could materially decrease.

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There has been no prior public market for the Shares in Hong Kong

Prior to the Listing, there has been no public market for the Shares in Hong Kong, and an active public market for the Shares in Hong Kong may not develop or be sustained after the Listing. In addition, there is no guarantee of the continued listing of the Shares on the HKEx. The initial listing price of the Shares may not be indicative of prices that will prevail in the trading market. There may be a limited number of Shares available for trading at any given time, resulting in reduced trading liquidity of the Shares. You may not be able to resell the Shares at a price that is attractive to you. The trading prices of the Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of the Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations.

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues by us

If we offer or cause to be offered to our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have the discretion as to the procedure to be followed in making such rights available to our shareholders or in disposing of such rights for the benefit of such shareholders and making the net proceeds available to such shareholders. We may not offer such rights to shareholders having an address in a jurisdiction outside Singapore. For example, we will not offer such rights to our shareholders who have a registered address in the United States unless a registration statement is in effect, if a registration statement under the United States Securities Act of 1933, as amended (the “US Securities Act”) is required in order for us to offer such rights to holders and sell the securities represented by such rights, or the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the US Securities Act. We have no obligation to prepare or file any registration statement under the US Securities Act. Accordingly, Shareholders who have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

We may not be able to pay dividends

Our ability to declare dividends in relation to the Shares will depend on our future financial performance, which, in turn, depends on the successful implementation of our strategy and on financial, competitive, regulatory and other factors, general economic conditions and other factors specific to our industry or specific projects, many of which are beyond our control. In view of the capital intensive nature of our industry, we anticipate that a substantial portion of our income will be retained to fund and grow our business, and will not be available for distribution to our Shareholders.

In addition, our ability to pay dividends will be substantially affected by the ability of our subsidiaries, REITs, private real estate funds, joint ventures and other vehicles we may invest in, to declare and pay us dividends or other distributions. The ability of our subsidiaries and such entities to declare and pay dividends or other distributions to us will be dependent on the cash income of and cash available to such subsidiary or entity and may be restricted or subject to conditions under applicable law or regulation. For example, many of the entities in which we have interests are subject to statutory requirements to pay dividends or other distributions out of retained or accumulated earnings as determined according to the laws or accounting standards of the relevant jurisdictions or may be required to by law to set aside a portion of their earnings to a reserve or other fund which is not available for dividends or other distributions. These entities may also require approvals from tax and other regulatory authorities before payment or repatriation of dividends or other distributions can be made, which may not be forthcoming in a timely manner or at all. If any of our subsidiaries or other entities in which we have an interest are

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unable or are restricted in their ability to declare and pay dividends or other distributions to us, our ability to pay dividends on our Shares may be adversely affected. In addition, covenants in some of our existing or future loan documents or those of the subsidiaries, REITs, private real estate funds, joint ventures and other vehicles we may invest in may restrict the ability of these entities to declare and/or pay dividends, which in turn could have an adverse impact on our ability to declare and pay dividends to our shareholders.

As a result of the above, we may not pay substantial dividends or any dividends at all to our shareholders in the near future, and the level of dividends we pay may not be comparable to that of other companies or entities, for example of REITs. See “Financial Information – Dividends – Dividend Policy” for a discussion of our dividend policy.

Exchange rate fluctuations may adversely affect the foreign currency value of the Shares and any dividend distribution

The Shares to be listed on the HKEx will be quoted in Hong Kong dollars on the HKEx. Dividends, if any, in respect of the Shares to be listed on the HKEx will most likely be paid in Hong Kong dollars. Fluctuations in the exchange rate between the Hong Kong dollar and other currencies will affect, among other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Hong Kong of the Shares and the foreign currency value of dividend distributions. See “Appendix VI – Foreign Exchange Controls.”

We are incorporated in Singapore and it may not be possible for investors to effect service of process, including certain judgments, on us outside of Singapore

We are incorporated in Singapore. A substantial portion of our assets are located in Singapore, China and Malaysia, and most of our Directors reside in Singapore. As a result, it may not be possible for investors to effect service of process, including judgments, on us or our Directors outside of Singapore, including within Hong Kong or the United States, or to enforce against us or our Directors, judgements obtained in courts outside of Singapore, including the civil liability provisions of the US federal securities laws or the securities laws of any state within the United States, or upon other bases.

In particular, you should be aware that judgments of United States courts based upon the civil liability provisions of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in the United States. As a result, investors would be required to pursue claims against us and our Directors in Singapore courts.

The Shares are subject to certain restrictions and may be subject to compulsory transfer or purchase if these restrictions are violated

The Shares have not been registered in the United States under the US Securities Act, the US Investment Company Act or under any other applicable securities laws and are subject to restrictions on transfer contained in such laws.

There are thus additional restrictions on the sale of Shares by shareholders who are located in the United States or who are US persons (as defined in Regulation S). Our Company has the right to cause the transfer of, or purchase for cancellation (subject to the rules of the SGX-ST), Shares owned directly or indirectly by any person if, in the opinion of the Board, by virtue of such person holding the Shares, our Company would be required to comply with any registration or filing requirements in any jurisdiction which our Company would not otherwise be required to comply, including any requirement to register as an “investment company” under the US Investment Company Act. For further details, see “Appendix VIII – Summary of the Constitution of our Company – Forced transfers or sales of Shares.”

RISK FACTORS

Singapore take-over laws contain provisions which may vary from those in other jurisdictions

We are subject to the Singapore Code on Take-Overs and Mergers (the “Singapore Take-Over Code”). The Singapore Take-Over Code contains provisions that may possibly delay, deter or prevent a future take-over or change in control of us. For example, under the Singapore Take-Over Code, any person acquiring an interest, whether by a series of transaction or not, either individually or together with parties acting in concert, in 30.00% or more of the voting rights in our Shares may be required to extend a take-over offer for our remaining voting shares in accordance with the Singapore Take-Over Code. A take-over offer is also required to be made if a person holding between 30.00% and 50.00% inclusive of the voting rights in our Shares, either individually or in concert, acquires more than 1.00% of the voting rights in our Shares in any six-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of the shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realize any benefits from a potential change of control. Additionally, CapitaLand will own at least 65.48% of our outstanding Shares immediately following the Listing, not taking into account the lending of Shares to the Bridging Dealers under the Stock Borrowing and Lending Agreement described in the section “Listings, Registration, Dealings and Settlement – Bridging Arrangements”. This concentration of ownership and the arrangements we have entered into between ourselves and CapitaLand as described in the section “Relationship with Our Controlling Shareholder” could delay, defer or prevent a change in control of our Company or a successful offer under the Singapore Take-Over Code by another person.

INFORMATION ABOUT THIS LISTING DOCUMENT AND THE LISTING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS LISTING DOCUMENT

This listing document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HKEx Listing Rules and the SGX Listing Manual for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this listing document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this listing document misleading.

This listing document is published in connection with the Listing. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this listing document or any part thereof in connection with any offering, or invitation to the offer, of our Shares or other securities of our Company. Accordingly, there is no, and will not be any, offer of or solicitation, or an invitation by or on behalf of our Company and the Joint Sponsors to subscribe for or purchase any of our Shares. Neither this listing document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Listing may be used for the purpose of making, and the delivery, distribution and availability of this listing document or such other document or information (or any part thereof) does not constitute, any offer of or solicitation or an invitation by or on behalf of our Company and the Joint Sponsors to subscribe for or purchase any of our Shares.

LISTING AND DEALINGS

Application has been made to the Listing Committee for granting the admission to secondary listing of, and permission to deal in, on the main board of the HKEx, our Shares by way of introduction. As our Shares are primarily listed on the SGX-ST, unless otherwise agreed by the SGX-ST, our Company must comply with the listing rules of the SGX-ST and any other relevant regulations and guidelines in Singapore which are applicable to our Company. The grant of the admission to secondary listing on the main board of the HKEx of, and permission to deal in, our Shares will be conditional on us maintaining the primary listing of our Shares on the SGX-ST. Subject to admission to secondary listing being granted by the Listing Committee, our Shares will be listed and traded on the main board of the HKEx but not on any other exchanges and no such listing or permission to list is being or proposed to be sought in the near future. The Listing does not involve the offering of any new Shares or any other securities and no proceeds will be raised pursuant to the Listing.

A circular was despatched by our Company on March 30, 2011 to our Shareholders and an extraordinary general meeting of our Company was held on April 21, 2011 whereby resolutions were passed for, *inter alia*, the approval of certain amendments to our Articles of Association in order to facilitate the secondary listing on the main board of the HKEx.

In order to ensure that new Share certificates are made available to Shareholders who may wish to remove their Shares from the Singapore Share Register to the Hong Kong Share Register prior to our commencement of dealings on October 18, 2011, Hong Kong local time, on the HKEx, our Company has made special arrangements with both the Singapore share transfer agent and Hong Kong Share Registrar to expedite such removals. Details of these arrangements are set out in the section headed "Listings, Registration, Dealings and Settlement" in this listing document.

INFORMATION ON THE LISTING

The Listing does not involve any offering of new Shares or a public offering of any other securities and no new proceeds will be raised pursuant to the Listing.

In connection with the Listing, the Company has entered into the Sponsors' Agreement with the Joint Sponsors. The Sponsors' Agreement is subject to the fulfilment of certain conditions, including the grant

INFORMATION ABOUT THIS LISTING DOCUMENT AND THE LISTING

by the HKEx of the listing of and permission to deal in the Shares not later than October 31, 2011 or such later date as the Company and the Joint Sponsors may agree and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the HKEx. If those conditions are not fulfilled, the Sponsors' Agreement will terminate. In addition, under the Sponsors' Agreement, the Joint Sponsors shall have the right to withdraw from the Listing and/or terminate the Sponsors' services or appointments thereunder, by serving one day's written notice on the Company at any time prior to the completion of the Listing as a result of any event, circumstance, development or prospective change which has a material adverse effect on the Company, or any material breach of representation, warranty or undertaking by the Company, the effect of which would in the Joint Sponsors' reasonable view be likely to make it impractical or inadvisable to proceed with the Listing or materially prejudice the success of dealings in the Shares in the secondary market. In addition, under the Sponsors' Agreement, either the Company or the Joint Sponsors may terminate the Sponsors' Agreement at any time before 8:00 a.m. on the date on which trading in the Shares is to commence on the Hong Kong Stock Exchange, if the other party has committed, a material breach of the Sponsors' Agreement. If the Sponsors' Agreement is so terminated, the Listing will not proceed.

COMMENCEMENT OF DEALINGS IN THE SHARES ON THE HKEx

It is expected that dealings in our Shares of board lots of 1,000 Shares will commence on the HKEx on October 18, 2011, Hong Kong local time. Our Shares will be listed and traded on the main board of the HKEx in Hong Kong Dollars.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the secondary listing of, and permission to deal in, our Shares on the HKEx and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in our Shares on the HKEx or such other date as determined by HKSCC. Settlement of transactions between the participants of the HKEx is required to take place on the second business day after any trading day.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

NO CHANGE IN THE NATURE OF BUSINESS

No change in the nature of business of our Group is contemplated following the Listing.

CONDITIONS OF THE LISTING

The Listing is subject to the Listing Committee granting the secondary listing of, and permission to deal in, on the main board, our Shares presently in issue and listed on the SGX-ST as well as the approval of our Shareholders of the resolutions relating to the proposed Listing on the main board of the HKEx which have been duly passed at its extraordinary general meeting held on April 21, 2011.

REGISTER AND STAMP DUTY

Our Company's principal register of members will be maintained by its Singapore Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., and our Company's Hong Kong Share Register of members will be maintained by its Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Further details of the transfer, trading and removal of our Shares between the Singapore Share Register and Hong Kong Share Register are set out under the section headed "Listings, Registration, Dealings and Settlement" in this listing document.

INFORMATION ABOUT THIS LISTING DOCUMENT AND THE LISTING

Dealings in our Shares registered on our Hong Kong Share Register will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of our Shares will be paid to our Shareholders listed on our Company's Hong Kong Share Register, by ordinary post, at the Shareholder's risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of purchasing, holding, disposing of or dealing in our Shares, you should consult your professional adviser. It is emphasised that none of us, the Joint Sponsors, any of their respective affiliates, directors, agents, employees and advisers, nor any other person involved in the Listing accepts any responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of or dealing in, or the exercise of any rights in relation to, our Shares.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in US dollars, Renminbi, Hong Kong dollars, Indian Rupees, Japanese Yen and Malaysian Ringgit have been translated, for the purpose of illustration only, into Singapore dollars in this listing document at the following rates:

Closing Rates		Average Rates	
December 31, 2010	June 30, 2011	December 31, 2010	June 30, 2011
S\$1.32/USD	S\$1.23/USD	S\$1.37/USD	S\$1.26/USD
S\$0.20/RMB	S\$0.19/RMB	S\$0.20/RMB	S\$0.19/RMB
S\$0.17/HKD	S\$0.16/HKD	S\$0.17/HKD	S\$0.16/HKD
S\$0.03/INR	S\$0.03/INR	S\$0.03/INR	S\$0.03/INR
S\$0.02/JPY	S\$0.02/JPY	S\$0.02/JPY	S\$0.02/JPY
S\$0.42/MYR	S\$0.41/MYR	S\$0.42/MYR	S\$0.42/MYR

These rates are the internal rates used by the CapitaLand Group. Average rates are based on the closing rates at the end of each month during the period. In our financial statements, we have used average rates for both balance sheet and income statement information.

No representation is made that any amounts in US dollars, Renminbi, Hong Kong dollars, Indian Rupees, Japanese Yen and Malaysian Ringgit can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this listing document and their English translations, the Chinese names shall prevail. Translated English names of Chinese laws and regulations, certain governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries included in this listing document and for which no official English translation exists) are unofficial translations for your reference only.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein or in calculations between figures are due to rounding.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this listing document, references to our "Company" are to CapitaMalls Asia Limited and the terms "we," "us," "our" and our "Group" refer to CapitaMalls Asia Limited and its subsidiaries taken as a whole

INFORMATION ABOUT THIS LISTING DOCUMENT AND THE LISTING

or CapitaMalls Asia Limited and its subsidiaries, associates, jointly-controlled entities and investee companies taken as a whole, as the context requires.

In this listing document, references to “S\$,” “Singapore dollar” or “Singapore cent” are to the lawful currency of the Republic of Singapore, references to “US\$,” “United States dollar,” “US dollar” or “US cent” are to the lawful currency of the United States of America, references to “Chinese Renminbi,” “Renminbi,” “Rmb” or “RMB” are to the lawful currency of the People’s Republic of China, references to “RM,” “Malaysian Ringgit” or “Ringgit” are to the lawful currency of Malaysia, references to “¥,” “Japanese Yen,” “JPY” or “Yen” are to the lawful currency of Japan, references to “Rp.,” “INR,” “Indian Rupee” or “Rupee” are to the lawful currency of India and references to “HK\$” or “Hong Kong dollar” are to the lawful currency of the Hong Kong Special Administrative Region, People’s Republic of China. All references to dates and times are to Hong Kong dates and times.

The information on our websites or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this listing document and should not be relied on.

References to our management and Directors are to the management and directors of our Company, respectively; references to our “Memorandum and Articles of Association” are to the Memorandum of Association and Articles of Association of our Company; and references to our share capital in “Appendix VIII – Summary of the Constitution of Our Company” and elsewhere are to the share capital of our Company.

References to the “Latest Practicable Date” in this listing document are to September 23, 2011, being the latest practicable date for ascertaining certain information in this listing document before its publication.

Any references to a time of day in this listing document are to Hong Kong time unless otherwise stated. Any references in this listing document to any statute or enactment are to that statute or enactment as amended or re-enacted.

MARKET AND INDUSTRY INFORMATION

Unless otherwise indicated, all property industry statistical data, graphs, tables and information contained in this listing document have been provided by Urbis Pty Ltd, DTZ Debenham Tie Leung Limited, CB Richard Ellis (Malaysia) Sdn Bhd and Jones Lang LaSalle Property Consultants (India) Pvt Ltd (collectively, the “Industry Consultants”).

The Industry Consultants have been commissioned to prepare all property industry statistical data, graphs, tables and information contained in this listing document. The Industry Consultants are independent from our Group, our holding company, our controlling shareholders and our associates; as well as any director of our Company and any director of our holding company, our controlling shareholders, our subsidiaries or our associates. As far as we are aware, the Industry Consultants do not hold any interest in the Company or in any securities of the Company. In addition, the information disclosed in “Appendix V – Industry Overview” of this listing document has been prepared by the Industry Consultants on an independent basis.

We and the Joint Sponsors believe that the Industry Consultants are experts in their relevant areas and that they are able to provide impartial information in relation to the property industry.

Urbis Pty Ltd is a professional consulting firm that advises on the use, development, investment and governance of properties, cities and communities.

DTZ Debenham Tie Leung Limited is a global real estate services group that provides a full range of services relating to property and real estate at international, regional and local levels to investors, owners and occupiers.

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CB Richard Ellis (Malaysia) Sdn Bhd is a real estate services firm that provides a range of real estate services covering research, consulting, valuation, leasing, sales, investment and asset management.

Jones Lang LaSalle Property Consultants (India) Pvt Ltd is a financial and professional services firm specializing in real estate services and investment management.

DTZ Debenham Tie Leung Limited and CB Richard Ellis (Malaysia) Sdn Bhd are also appointed as two of the Independent Valuers of our property interests.

Each of the Industry Consultants has advised us that the statistical and graphical information contained herein under “Appendix V – Industry Overview” has been drawn from its databases and other sources. In connection therewith, each of the Industry Consultants has advised us that:

- certain information in the Industry Consultant’s databases was derived from estimates or subjective judgments;
- the information in the databases of other data collection agencies may differ from the information in the Industry Consultant’s database;
- while the Industry Consultant has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;
- the Industry Consultant, its agents, officers and employees do not accept liability (save as may be required by applicable laws and regulations) for any loss suffered in consequence of reliance on such information or in any other manner; and
- the provision of these data, graphs and tables does not obviate the need to make appropriate further inquiries.

Reports and industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any facts has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors or any party involved in this listing and no representation is given as to its accuracy.

VALUATIONS, PROPERTY VALUES AND CERTAIN OPERATING DATA

We have included in this listing document the valuations of our interests in properties. These valuations reflect the market value of the properties at the date of valuation, being generally the estimated amount at which an asset would be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction. The methodologies used by each of the independent valuers (the “Independent Valuers”) of our property interests may differ, and are based on assumptions by the Independent Valuers of facts particular to that property. These valuation reports generally provide that the Independent Valuers have relied on information provided by the entity owning the relevant property (which may not be our subsidiary or an entity over which we have control), and that they do not take responsibility for the accuracy of the information. The methodologies, assumptions and facts relied on by each Independent Valuer and the Independent Valuer’s disclaimers are contained in the Independent Valuer’s valuation reports and/or valuation certificates which are available for inspection at our office. See “Appendix XI – Documents Available for Inspection.” In an effort to achieve a more uniform valuation methodology across countries and portfolios, we have, with respect to certain properties, changed the Independent Valuers with a view towards using one common valuer for the valuations over the course of the Track Record Period and the six months ended June 30, 2011.

INFORMATION ABOUT THIS LISTING DOCUMENT AND THE LISTING

References to property values in this listing document are based on the carrying values of the assets in the financial statements of the relevant entity owning the asset, which are in turn based on valuations or cost of investment of these assets, as of the reference date specified, and after converting the valuations and carrying values from the relevant currency in which they are made or reported into Singapore dollars, the currency in which we report our financial statements, at the exchange rate as of June 30, 2011.

We cannot assure you that these valuations and property values reflect accurately the value of our property interests and that our property interests will be realized at such values. See “Risk Factors – Declines in property values may lead to downward revaluations of the properties in which we hold interests, which may adversely affect our property value and profitability.”

We have also included in this listing document the gross floor area (“GFA”), net lettable area (“NLA”), NPI, NPI Yield and occupancy rates of our property interests. We set out below our method of determination of these property specifications:

GFA: We determine GFA generally by reference to the built-up area of the property, excluding car park space. For properties under development, the GFA is based on maximum permissible GFA (with respect to properties for which we have not yet drawn up construction plans) or our estimation by reference to, among other things, construction plans (with respect to properties for which we have drawn of construction plans and/or are currently under construction), each of which may change. The GFA of our properties under development, in certain cases, is subject to final verification by survey and regulatory approval.

NLA: We determine NLA generally by reference to the tenantable space of the property, and exclude space used for building and centre management functions and common areas. For properties under development, the NLA is based on our estimation by reference to, among other things, construction plans, which may change.

NPI: We determine NPI by deducting the Property Expenses from the Gross Revenue generated by the property.

NPI Yield: We determine NPI Yield by expressing the NPI of a property for a year as a percentage of its property value as at the end of that year.

Occupancy rate: We determine occupancy rate generally by calculating the ratio of a property’s occupied floor area to the property’s total floor area.

Any reference to “100% basis” refers to the aggregate property value, NLA, GFA or NPI, as applicable, of each of the properties in the portfolio, taken in their entirety regardless of the extent of our interest. “Effective interest” refers to the property values, NLA, GFA or NPI, as appropriate, proportionate to our ownership interest in the properties. Unless the context dictates otherwise, references to “our properties” and “our retail properties” in this listing document shall include properties under development.

Any of the above terms used in this listing document shall have the meaning given to them above unless set forth otherwise herein.

PROPERTIES WE OWN OR IN WHICH WE HAVE AN INTEREST

In this listing document, unless otherwise stated, references to our properties or our interests or investments in properties refer to properties in which we directly or indirectly have an ownership interest, including through our investments in REITs, private real estate funds or joint ventures, in which we may have a minority interest and which we may not control. Unless otherwise specified, our effective interests presented in this listing document have been calculated by reference to our percentage holding in the relevant entity as of June 30, 2011.

DIRECTORS AND PARTIES INVOLVED IN THE LISTING

Directors

Chairman and Non-Executive Director
Mr Liew Mun Leong

Executive Director and Chief Executive Officer
Mr Lim Beng Chee

Non-Executive Directors
Ms Chua Kheng Yeng Jennie
Mr Lim Tse Ghow Olivier

Independent Non-Executive Directors
Mr Sunil Tissa Amarasuriya
Tan Sri Amirsham A Aziz
Dr Loo Choon Yong
Mrs Arfat Pannir Selvam
Professor Tan Kong Yam
Mr Yap Chee Keong

The business address for each of the Directors is 39 Robinson Road, #18-01 Robinson Point, Singapore 068911.

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Financial Centre
1 Harbour View Street, Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28th Floor, Chater House
8 Connaught Road Central
Hong Kong

Legal Advisers to our Company

As to Hong Kong Law
Allen & Overy
9th Floor
Three Exchange Square
Central
Hong Kong

As to Singapore Law
WongPartnership LLP
One George Street #20-01
Singapore 049145

DIRECTORS AND PARTIES INVOLVED IN THE LISTING

As to US Federal Securities and New York Law
Allen & Overy
9th Floor
Three Exchange Square
Central
Hong Kong

Allen & Overy LLP
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321

As to PRC Law
Commerce & Finance Law Offices
6F NCI Tower
A12 Jianguomenwai Avenue
Beijing 100022
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**Legal Advisers to the
Joint Sponsors**

As to Hong Kong Law
Clifford Chance
28/F, Jardine House
One Connaught Place
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Hong Kong

As to Singapore Law
Clifford Chance Pte. Ltd.
One George Street, 19th Floor
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One Connaught Place
Central
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As to PRC Law
King & Wood PRC Lawyers
54th Floor
CITIC Plaza
233 Tianhe Road North
Guangzhou, Guangdong
PRC

DIRECTORS AND PARTIES INVOLVED IN THE LISTING

**Independent Auditors and
Reporting Accountants**

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge:
Ms Eng Chin Chin
(a member of the Institute of Certified Public Accountants of Singapore)

Independent Valuers

CB Richard Ellis Limited
4/F Three Exchange Square
8 Connaught Place
Central
Hong Kong

CB Richard Ellis (Malaysia) Sdn Bhd
#9-1, Level 9, Menara Millennium
Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur
Malaysia

CB Richard Ellis (Pte) Ltd
6 Battery Road #32-01
Singapore 049909

CB Richard Ellis South Asia Private Limited
PTI Building (Third Floor)
4 Parliament Street
New Delhi 110001
India

DTZ Debenham Tie Leung Limited
16/F, Jardine House
One Connaught Place
Central
Hong Kong

DTZ Debenham Tie Leung K.K.
Uchisaiwaicho Daibiru Building 9F
1-3-3 Uchisaiwaicho
Tokyo
Japan

Jones Lang LaSalle Hotels
9 Raffles Place
#39-00 Republic Plaza
Singapore 048619

DIRECTORS AND PARTIES INVOLVED IN THE LISTING

Jones Lang LaSalle Property Consultants Pte. Ltd.
9 Raffles Place
#39-00 Republic Plaza
Singapore 048619

Knight Frank (India) Pvt. Ltd.
Paville House, Near Twin Towers
Off Veer Savarkar Marg, Prabhadevi
Mumbai 400025
India

Knight Frank Petty Limited
4/F Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

Knight Frank Pte Ltd
16 Raffles Quay #30-01
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Singapore 048581

Land Coordinating Research Inc.
Mori-Kaikan 8th Floor
1-11-5 Kudan-Kita
Chiyoda-ku, Tokyo
Japan

PPC International Sdn Bhd
8th Floor, Campbell Complex
98 Jalan Dang Wangi
50100 Kuala Lumpur
Malaysia

Savills Valuation and Professional Services Limited
23/F Two Exchange Square
Central
Hong Kong

Tanizawa Sogo Kanteisho K.K.
Meiji Yasuda Seimei Building
2-1-1 Marunouchi
Chiyoda-ku, Tokyo
Japan

Yoshimura Planning & Appraisal Co., Ltd.
16th Floor, Imperial Hotel Tower
1-1-1 Uchisaiwai-cho
Chiyoda-ku, Tokyo
Japan

SUMMARY FINANCIAL DATA

You should read the following summary historical consolidated financial data for the periods and as of the dates indicated in conjunction with the section of this listing document entitled “Financial Information” and our consolidated financial statements, the accompanying notes and the related Reporting Accountants’ report included elsewhere in this listing document. Our financial statements are reported in Singapore dollars and, for purposes of this listing document, are prepared and presented in accordance with SFRS.

The summary consolidated financial data as of and for the years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2011 have been derived from our audited historical consolidated financial statements included elsewhere in this listing document and are qualified in their entirety by reference to those financial statements and the notes thereto. The summary consolidated financial data as of and for the six months ended June 30, 2010 has been derived from our unaudited interim consolidated financial statements for the six-month period ended June 30, 2010 included as corresponding financial information in this listing document. We have prepared the unaudited interim consolidated financial statements on the same basis as our audited consolidated financial statements. The unaudited interim consolidated financial statements include all adjustments, consisting only of normal and recurring adjustments, which we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.

We expect to continue to prepare and report our consolidated financial statements only in accordance with SFRS in subsequent periods. SFRS reporting practices and accounting principles differ in certain respects from generally accepted accounting principles in other countries.

SUMMARY CONSOLIDATED INCOME STATEMENTS DATA

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(unaudited)						
	(in thousands, except earnings per share)						
Revenue	205,210	228,946	245,402	179,126	147,644	113,031	89,565
Cost of sales	(81,007)	(100,246)	(91,803)	(67,009)	(52,396)	(43,082)	(34,138)
Gross profit	124,203	128,700	153,599	112,117	95,248	69,949	55,427
Other operating income	119,703	85,019	82,447	60,180	37,722	84,623	67,054
Administrative expenses	(87,266)	(70,212)	(107,419)	(78,408)	(49,284)	(64,586)	(51,177)
Other operating expenses	(617)	(111,901)	(1,099)	(802)	(78)	(2,710)	(2,147)
Finance costs	(158,296)	(111,430)	(25,603)	(18,688)	(13,632)	(16,050)	(12,718)
Share of results (net of tax) of:							
– Associates	152,643	(46,705)	112,824	82,353	2,445	118,736	94,085
– Jointly-controlled entities. . .	(2,998)	423,447	363,060	265,007	89,456	71,628	56,758
Profit before taxation	147,372	296,918	577,809	421,759	161,877	261,590	207,282
Income tax expense	(29,307)	(22,693)	(28,871)	(21,074)	(12,821)	(32,003)	(25,359)
Profit for the year/period	118,065	274,225	548,938	400,685	149,056	229,587	181,923

SUMMARY FINANCIAL DATA

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
(unaudited)							
(in thousands, except earnings per share)							
Attributable to:							
Owners of the Company	115,562	268,665	541,337	395,137	146,890	214,043	169,606
Non-controlling interests	2,503	5,560	7,601	5,548	2,166	15,544	12,317
Profit for the year/period	118,065	274,225	548,938	400,685	149,056	229,587	181,923
Earnings per share (cents)							
– Basic	34.9	13.9	13.9	10.1	3.8	5.5	4.4
– Diluted	34.9	13.9	13.9	10.1	3.8	5.5	4.4
Weighted average number of shares⁽¹⁾							
– Basic	331,315	1,926,463	3,884,000	3,884,000	3,884,000	3,884,729	3,884,729
– Diluted	331,315	1,926,463	3,888,880	3,888,880	3,887,918	3,893,309	3,893,809

Note:

- (1) See “Earnings per Share,” note 27 of “Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants’ Report Thereon”.

SUMMARY FINANCIAL DATA

SUMMARY CONSOLIDATED BALANCE SHEETS DATA

	As of December 31,				As of June 30,	
	2008	2009	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	US\$
	(in thousands)					
Non-current assets						
Investment properties	1,390,146	1,378,567	304,429	222,211	581,664	460,906
Properties under development	171,250	127,666	288,848	210,838	783,263	620,652
Associates	2,746,561	2,999,393	3,119,729	2,277,174	3,264,767	2,586,979
Jointly-controlled entities	241,604	675,398	1,043,656	761,793	910,885	721,779
Other investments	113,071	200,028	378,653	276,389	387,519	307,067
Other non-current assets	17,937	15,619	30,269	22,094	47,780	37,861
	<u>4,680,569</u>	<u>5,396,671</u>	<u>5,165,584</u>	<u>3,770,499</u>	<u>5,975,878</u>	<u>4,735,244</u>
Current assets						
Trade and other receivables	306,672	436,013	498,281	363,709	210,359	166,687
Cash and cash equivalents ⁽¹⁾	138,060	544,306	1,318,312	962,272	1,191,614	944,227
	<u>444,732</u>	<u>980,319</u>	<u>1,816,593</u>	<u>1,325,981</u>	<u>1,401,973</u>	<u>1,110,914</u>
Total assets	<u><u>5,125,301</u></u>	<u><u>6,376,990</u></u>	<u><u>6,982,177</u></u>	<u><u>5,096,480</u></u>	<u><u>7,377,851</u></u>	<u><u>5,846,158</u></u>
Equity attributable to owners of the Company						
Share capital	1,000,000	4,605,000	4,605,000	3,361,314	4,607,514	3,650,962
Reserves	532,920	735,041	1,223,519	893,079	1,283,685	1,017,183
	<u>1,532,920</u>	<u>5,340,041</u>	<u>5,828,519</u>	<u>4,254,393</u>	<u>5,891,199</u>	<u>4,668,145</u>
Non-controlling interests	52,081	53,413	59,711	43,585	212,384	168,292
Total equity	<u>1,585,001</u>	<u>5,393,454</u>	<u>5,888,230</u>	<u>4,297,978</u>	<u>6,103,583</u>	<u>4,836,437</u>
Non-current liabilities						
Loans and borrowings	1,648,152	430,738	687,692	501,965	734,508	582,019
Other non-current liabilities	51,276	53,910	40,497	29,560	56,926	45,108
	<u>1,699,428</u>	<u>484,648</u>	<u>728,189</u>	<u>531,525</u>	<u>791,434</u>	<u>627,127</u>
Current liabilities						
Loans and borrowings	1,354,915	72,155	12,260	8,949	237,611	188,281
Other current liabilities	485,957	426,733	353,498	258,028	245,223	194,313
	<u>1,840,872</u>	<u>498,888</u>	<u>365,758</u>	<u>266,977</u>	<u>482,834</u>	<u>382,594</u>
Total liabilities	<u>3,540,300</u>	<u>983,536</u>	<u>1,093,947</u>	<u>798,502</u>	<u>1,274,268</u>	<u>1,009,721</u>
Total equity and liabilities	<u><u>5,125,301</u></u>	<u><u>6,376,990</u></u>	<u><u>6,982,177</u></u>	<u><u>5,096,480</u></u>	<u><u>7,377,851</u></u>	<u><u>5,846,158</u></u>

Note:

(1) Includes certain bank balances of subsidiaries which have been pledged with banks as security.

SUMMARY FINANCIAL DATA

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS DATA

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in thousands)						
Cash flows from/(used in)							
operating activities	55,135	102,415	55,191	40,286	36,261	(16,369)	(12,971)
Cash flows (used in)/from							
investing activities	(652,591)	(636,724)	621,713	453,805	(43,565)	(292,371)	(231,673)
Cash flows from financing							
activities	613,412	940,602	99,878	72,904	72,737	188,757	149,570
Net increase/(decrease) in							
 cash and cash							
 equivalents	15,956	406,293	776,782	566,995	65,433	(119,983)	(95,074)
Effect of exchange rate							
changes on cash balances							
held in foreign							
currencies	117	(890)	(1,612)	(1,177)	3,693	(6,715)	(5,321)
Cash and cash equivalents							
at beginning of							
year/period	121,666	137,739	543,142	396,454	543,142	1,318,312	1,044,622
Cash and cash							
 equivalents⁽¹⁾ at end							
 of year/period	<u>137,739</u>	<u>543,142</u>	<u>1,318,312</u>	<u>962,272</u>	<u>612,268</u>	<u>1,191,614</u>	<u>944,227</u>

Note:

(1) Excludes certain bank balances of subsidiaries which have been pledged with banks as security.

FINANCIAL INFORMATION

In the following section we discuss our historical results for the years ended December 31, 2008, 2009 and 2010, and the six months ended June 30, 2010 and 2011. You should read the following discussion together with our audited consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2011, and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2010.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth under “Risk Factors” and “Forward-Looking Statements.” We have prepared our consolidated financial statements in accordance with Singapore Financial Reporting Standards, or SFRS, which may differ in certain significant respects from generally accepted accounting principles in other countries.

Pursuant to Rule 19.14 of the Listing Rules, HKEx has agreed to accept SFRS for the preparation of our Accountants’ Report set out in Appendix I to this listing document provided that a reconciliation of such financial information in accordance with IFRS, with narrative descriptions of the major differences in a form which will facilitate investors’ understanding of our financial performance, be included in this document. HKEx has also allowed us to continue to prepare our financial statements in accordance with SFRS after Listing, on conditions that the accountants’ report in the subsequent financial reports, including our annual reports, interim reports and quarterly reports shall include a reconciliation of our financial statements in accordance with IFRS and the narrative descriptions of the major differences in a form which will facilitate investors’ understanding of our financial performance. In addition, we are also required by HKEx to prepare our financial statements in accordance with IFRS should we no longer maintain a listing on the SGX-ST.

OVERVIEW

We believe that we are one of the largest listed “pure-play” shopping mall developers, owners and managers in Asia by total property value of assets and by geographic reach (in terms of number of retail properties and cities). We intend to ride the expected consumption growth in Asia to aggressively expand our portfolio of properties.

We have an integrated shopping mall business model encompassing retail real estate investment and development, mall operations, asset management and fund management capabilities. As of June 30, 2011, we have interests in and/or manage a pan-Asian portfolio of 95 retail properties (of which 70 are completed shopping malls and 25 are in various stages of development) across 50 cities in the five countries of Singapore, China, Malaysia, Japan and India, with a total property value of approximately S\$25.6 billion (US\$20.8 billion) and a total GFA of approximately 75.6 million square feet. Our effective interest in this portfolio is approximately S\$8.1 billion (US\$6.5 billion) in property value as of June 30, 2011. Our net asset value is approximately S\$5.9 billion (US\$4.7 billion) as of June 30, 2011. We were listed on the main board of the SGX-ST on November 25, 2009.

Our retail property interests are held through a combination of direct holdings and associated entities such as REITs, private real estate funds and joint ventures.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

Unless we indicate otherwise, the financial information in this listing document is based on our consolidated financial statements for the years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2010 and 2011. On October 30, 2009, the Group entered into various corporate reorganization agreements with its related corporations, where the following entities were transferred on November 16, 2009 to the Group from the related corporations: (i) CapitaMalls Japan Fund Management Pte. Ltd. (which at the time was known as CapitaRetail Japan Fund Management Private Limited), CapitaRetail Singapore Management Pte. Ltd., CapitaMalls China Fund Management Pte. Ltd. (which at the time was known as CapitaRetail China Fund Management Pte. Ltd.), CapitaLand Retail Trustee Pte. Ltd., CapitaRetail Malaysia REIT Management Sdn. Bhd, One Trustee Pte. Ltd., CapitaMalls India Fund Management Pte. Ltd. (which at the time was known as CapitaRetail India Fund Management Pte. Ltd.) and Retail RECM (BVI) Limited (collectively, the “RECM Trustees and Managers”); (ii) CapitaMall Trust Management Limited and CapitaRetail China Trust Management Limited (collectively, the “REIT Managers”); and (iii) Victoria City Pte Ltd and CapitaRetail (Beijing) Investment Consulting Co., Ltd. Further, the entire issued share capital in TRM Private Limited was transferred to its related corporation. In addition, a related corporation transferred its 15.00% equity interest in Raffles City China Fund Limited to the Group on the same date. See “Our History.” The assets, liabilities and results of those entities transferred to our Group on November 16, 2009 were included in our statutory consolidated financial statements with effect from the date of transfer. Our Group has recognized its 15.00% equity interest in Raffles City China Fund as an available-for-sale investment with effect from November 16, 2009.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that reflect significant judgments and uncertainties and may result in materially different results under different assumptions and conditions. We review these estimates and underlying assumptions on an ongoing basis and recognize any revisions to these accounting estimates in the financial period in which the estimates are revised and in any future periods affected. The most significant of these critical accounting policies are set out below.

Investment properties and properties under development

Investment properties are properties which we hold either to earn property and related income, or for capital appreciation, or both. They do not include properties which we hold with the intention of sale in the ordinary course of business, or which we use in the production or supply of goods or services, or for administrative purposes.

On or after January 1, 2007 but before January 1, 2009

On or after January 1, 2007 but before January 1, 2009, our investment properties (those completed) were initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss. See note 2(d) of “Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants’ Report Thereon” for a description of how we account for the property and related income from our investment properties. The fair value is based on internal valuations or independent professional valuations. An independent professional valuation is to be obtained at least once every three years. Notwithstanding this, we have obtained independent professional valuations at least once every year since the incorporation of the Company.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

FINANCIAL INFORMATION

On or after January 1, 2009

Arising from amendments made to FRS 40 (Investment Property), effective for annual periods beginning on or after January 1, 2009, any property that is being constructed or developed for future use as an investment property will also meet the definition of an investment property. As we have adopted the fair value model to measure our investment properties, properties in the course of development will accordingly be fair valued with effect from January 1, 2009, and any changes therein would be recognized in profit or loss.

The fair value is based on internal valuations or independent professional valuations. When an investment property, either completed or under construction, is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

As a result of this amendment, we recognized a fair value loss on revaluation of an investment property held by a subsidiary of approximately S\$109.0 million and a decrease of S\$5.1 million on the share of results of associates in our income statement for the year ended December 31, 2009.

Financial instruments

Non-derivative financial instruments

We recognize non-derivative financial instruments (comprising available-for-sale investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables) initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. We recognize a non-derivative financial instrument if we become a party to the contractual provisions of the instrument. We derecognize a financial asset if our contractual rights to the cash flows from the financial asset expire, or if we transfer the financial asset to another party without retaining control, or if we transfer substantially all the risks and rewards of the asset.

Our investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange differences on available-for-sale monetary items, are recognized in other comprehensive income and presented within equity in the fair value reserve. When the investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Hedge of net investment in a foreign operation

We recognize any foreign currency differences arising from the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation in profit or loss. On consolidation, the differences are recognized directly in other comprehensive income and presented in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, the differences would be recognized in profit or loss. When the hedged net investment is disposed of, the cumulative amount in other comprehensive income is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Impairment of financial assets

We assess our financial assets at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicate that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognized in profit or loss.

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Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the available-for-sale reserve in equity to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Fair Value

Our available-for-sale investments are stated at their fair value at the balance sheet date. The fair values are based on quoted bid prices where available, without any deduction for transaction costs, or our share of revalued net assets of the unquoted investments. The carrying amounts of trade and other receivables/payables, cash and cash equivalents approximate their fair value due to the relatively short term maturity of these financial instruments. The carrying amounts of our floating interest-bearing loans, which are re-priced within six months from the balance sheet, reflect their corresponding fair values.

Impairment of non-financial assets other than investment properties and deferred tax assets

We review the carrying amounts of our non-financial assets, other than investment properties and deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any indication exists, we then estimate the asset's recoverable amount. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

We recognize an impairment loss if the carrying amount of the asset, or its cash-generating unit, exceeds its recoverable amount (which is the greater of its value in use and its fair value less costs to sell). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in the income statement unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

We do not reverse an impairment loss in respect of goodwill. In respect of other assets, impairment losses which we recognized in prior periods are assessed at each reporting date for any indication whether the loss has decreased or no longer exists. We reverse an impairment loss if there has been a change in the estimates used to determine the recoverable amount. We reverse an impairment loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Business combinations

The Group has applied FRS 103 Business Combinations (2009) in its accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date. See note 2(a)(i) of "Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants' Report Thereon."

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Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to profit or loss in the period of acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and could be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after January 1, 2010 and has no impact on earnings per share.

Acquisition of assets

As part of our continuing expansion plan, we acquire quality investment properties (including investment properties under development) that are available in the market and fit our strategic objectives. These acquisitions include the acquisition of a 66% interest in the Luwan Site, Shanghai in February 2011 and a 100% interest in each of CapitaMall Meilicheng, Chengdu and CapitaMall Tianfu, Chengdu in 2010. These acquisitions are considered to be acquisitions of assets, as these investment properties are held through special purpose vehicles and the Group does not acquire any processes which are integrated with the assets (for example, strategic management processes, operational processes or resource management processes) from the respective vendors. As such, we are of the opinion that the acquisitions of these special purpose vehicles do not represent a business combination, and thus, such transactions are accounted for as asset acquisitions. The Reporting Accountants are in consensus with this accounting treatment. In asset acquisitions, the cost of acquisition is allocated to the individual identifiable assets and liabilities in the Group based on their fair values at the acquisition date and the Group does not recognize any goodwill or gain on bargain purchase arising from these acquisitions.

Acquisitions of non-controlling interests

From January 1, 2010, the Group has applied FRS 27 Consolidated and Separate Financial Statements (2009) in accounting for acquisitions of non-controlling interests. See note 2(a)(v) of "Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants' Report Thereon."

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

Our business operations comprise two main business areas, namely (i) our property business, where we invest in retail properties through a combination of direct ownership, public REITs, private real estate funds and joint ventures in various countries, and (ii) our management business, which consists principally of fund management (REITs and private real estate funds) and mall management.

We set out below those factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects.

FINANCIAL INFORMATION

Conditions in the retail real estate market

Our main business is in the ownership and management of retail properties. Accordingly, our business and financial condition have been, and will be, materially affected by conditions in the retail real estate sector in the countries in which we operate. With our strategic focus on growing our portfolio in China to 100 malls, we expect our business and financial condition to be particularly affected by these conditions in China.

The performance of our retail properties portfolio is primarily dependent on the revenue generated from the tenancies of the properties in which we have an interest, as well as the operating expenses related to the properties.

The factors that affect the rental revenue we derive from our retail properties include, but are not limited to, general and local economic conditions, demand from tenants for retail space, supply of new retail properties in the various regions in which we operate, sales performance or business conditions of our tenants, shopper traffic to our retail properties, consumer spending patterns, competition from other retail properties, inflation, transportation and infrastructure developments, extreme weather conditions and acts of terrorism.

The factors that could affect our operating expenses include, but are not limited to, property tax assessments and other statutory charges, oil prices (which in turn could affect the cost of utilities), employment conditions (which could affect labor costs), the condition of the cleaning and security industries on which we rely for sub-contracted services, the cost of insurance premiums, and the costs relating to organizing marketing events and activities to attract shoppers to our shopping malls.

Our business and financial condition are also dependent on the completion schedule of our retail properties which are under development. The construction schedule of the retail properties would depend on various factors, including the time required to obtain the necessary construction approvals and permits, as well as our ability to secure tenants.

Fluctuations in the market value of our interests in properties as a result of revaluations

Our interests in properties are revalued periodically. Any increase or decrease in the fair value of our interest in our properties, based on the valuation reports provided by our internal valuers or independent professional valuers, is recorded in our profit or loss in the period during which revaluation occurs. The revaluation of our properties may therefore result in significant fluctuations in the results of our operations.

Property values are affected by, among other factors, supply and demand of comparable properties, the rate of economic growth in the countries in which our properties are located, any asset enhancement initiatives undertaken, interest rates, inflation, natural disasters, and political and economic developments in the countries in which our properties are located. Retail property markets have historically been cyclical and future cyclical changes may result in fluctuations in the fair value of the properties and our financial condition and results of operations.

Fee-based income received from management business

Due to the capital intensive nature of the property business, one of our strategies is to enhance our capital productivity and efficiency by investing in properties through REITs and private real estate funds in which we also offer mall and/or fund management services. We currently derive a portion of our income from fees we receive for the management of REITs, namely CMT, CRCT and CMMT, and five private real estate funds. We also derive income from the management of the properties underlying these REITs and funds. See also “Business – Our Business Operations – Our Management Business.”

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These fees are generally based on a percentage of gross revenue, net property income or the value of the properties or asset base of the REIT or private real estate fund, or a percentage of committed capital in the case of private real estate funds. We may also be entitled to acquisition and divestment fees relating to the acquisition and divestment of properties of the REITs and private real estate funds that we manage. For some of the private real estate funds, we are also entitled to earn an incentive fee of a certain percentage of the investment return on the aggregate of contributed capital in excess of a specified net internal rate of return to an investor, or in certain cases, based on a percentage of net property income of each investment made by the private real estate fund.

Our management business is affected by the performance of these REITs and private real estate funds. Factors affecting the fees we earn include the revenue and net property income generated from the properties under management, the value of the real estate assets and funds under management, and the continuation of the contracts under which we provide such management services.

Foreign currency and interest rate fluctuations

As we have investments in Singapore, China, Malaysia, Japan and India and, prior to September 2009, Hong Kong, we receive revenue and incur expenses in a variety of currencies. From January 2008 to June 2011, our results of operations were affected mainly by the foreign exchange movements in the Chinese Renminbi, US dollar, Japanese Yen, Malaysian Ringgit and the Hong Kong dollar against the Singapore dollar.

Some of our existing debt and our borrowings in the future may be pegged at floating interest rates, and, consequently, the interest cost to us for the floating interest rate debt will be subject to fluctuations in interest rates. In addition, we are, and may in the future be, subject to market disruption clauses contained in our loan agreements with banks. Such clauses generally provide that to the extent that the banks face difficulties in raising funds in the interbank market, or are paying materially more for interbank deposits than the displayed screen rates, they may pass the higher cost of funds to us.

Although our associates and/or jointly-controlled entities have entered, and we may enter, into hedging transactions to partially mitigate the risk of foreign currency and interest rate fluctuations, such hedging or our hedging policy may not adequately cover our exposure to such fluctuations. As a result, our business, results of operations or financial condition could potentially be adversely affected by foreign currency and interest rate fluctuations.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

Our revenue comprises mainly:

- rental and related income, comprising primarily rental income we receive from investment properties held by our subsidiaries, such as our five majority-owned malls in China; and
- management and consultancy fees, which principally includes fees from fund management, mall management and project management, as well as staff cost reimbursements. Staff cost reimbursements relate to reimbursements we receive from fund entities for services we provide to those entities, such as property management services and accounting services. We record the costs which we incur for these services as cost of sales and charge them to the relevant fund entities.

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The following table sets forth certain information relating to our revenue for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,					
	2008		2009		2010		2010		2011			
	S\$	%	S\$	%	S\$	US\$	%	S\$	%	S\$	US\$	%
	(in millions, except percentages)											
Rental and related income	108.4	52.8	135.1	59.0	94.3	68.8	38.4	72.2	48.9	24.3	19.3	21.5
Management and consultancy fees:												
Fund management fees	–	–	6.3	2.8	64.7	47.2	26.4	30.2	20.5	36.9	29.2	32.6
Mall management fees	26.0	12.7	32.2	14.0	37.3	27.2	15.2	16.3	11.0	19.5	15.5	17.3
Project management fees	19.7	9.6	8.0	3.5	8.6	6.3	3.5	5.4	3.7	3.7	2.9	3.3
Staff cost reimbursements and others	51.1	24.9	47.3	20.7	40.5	29.6	16.5	23.5	15.9	28.6	22.7	25.3
Total management and consultancy fees	96.8	47.2	93.8	41.0	151.1	110.3	61.6	75.4	51.1	88.7	70.3	78.5
Total	205.2	100.0	228.9	100.0	245.4	179.1	100.0	147.6	100.0	113.0	89.6	100.0

The following table shows the fund management fees received by our Group, including those received from our REITs, for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in millions)						
Fund management fees:							
REITs							
CMT	–	4.3	36.0	26.3	17.4	19.5	15.4
CRCT	–	0.8	6.1	4.4	3.1	3.2	2.5
CMMT	–	–	2.6	1.9	–	4.0	3.2
Others⁽¹⁾	–	1.2	20.0	14.6	9.7	10.2	8.1
Total	–	6.3	64.7	47.2	30.2	36.9	29.2

Note:

(1) Others includes fund management fees we receive from the private funds we manage.

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The following table shows the mall management fees received by our Group, including those received from our REITs, for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in millions)						
Mall management fees:							
REITs							
CMT	18.4	20.4	19.6	14.3	10.7	11.8	9.4
CRCT	0.7	0.8	0.8	0.6	2.5	2.5	2.0
Others ⁽¹⁾	6.9	11.0	16.9	12.3	3.1	5.2	4.1
Total	<u>26.0</u>	<u>32.2</u>	<u>37.3</u>	<u>27.2</u>	<u>16.3</u>	<u>19.5</u>	<u>15.5</u>

Note:

(1) Others includes mall management fees we receive for the management of malls held otherwise than through the REITs, e.g. through the private funds.

Cost of sales

Our cost of sales comprises mainly direct staff costs (for salaries and related expenses incurred for mall management), property maintenance (which includes repair and maintenance expenses of the properties), utilities (such as water, electricity and gas), property taxes and marketing expenses (for advertising and promotion activities to draw shoppers to our shopping malls).

The following table shows the breakdown of our cost of sales by function for the periods indicated:

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in millions)						
Direct staff cost	41.6	54.3	56.8	41.5	28.2	32.7	25.9
Property maintenance expense	7.1	10.0	7.7	5.6	5.9	2.8	2.2
Utilities	11.9	14.3	9.3	6.8	7.1	2.5	2.0
Others ⁽¹⁾	20.4	21.6	18.0	13.1	11.2	5.1	4.0
Total	<u>81.0</u>	<u>100.2</u>	<u>91.8</u>	<u>67.0</u>	<u>52.4</u>	<u>43.1</u>	<u>34.1</u>

Note:

(1) Others includes mainly taxes and marketing expenses.

FINANCIAL INFORMATION

Other operating income

Our other operating income consists largely of fair value gain on revaluation of investment properties and properties under development, interest income, gain on disposal of investment properties held by our subsidiaries, foreign exchange gain and, prior to the disposal of The Link REIT units, dividend income derived from our investments. Our other income also includes any gains on disposal of our subsidiaries, associates and available-for-sale investments.

The following table sets forth certain information relating to our other operating income for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,						
	2008	%	2009	%	2010	2010	2010	%	2010	%	2011	2011	%
	S\$		S\$		S\$	US\$		S\$		S\$	US\$		
	(in millions, except percentages)												
Interest income	13.1	10.9	25.4	29.8	26.0	19.0	31.6	10.5	27.9	12.5	9.9	14.8	
Foreign exchange gain	12.1	10.1	-	-	3.9	2.8	4.7	10.8	28.5	-	-	-	
Gain on disposal of subsidiaries	0.1	0.1	-	-	-	-	-	-	-	-	-	-	
Gain on disposal of associates	-	-	-	-	2.5	1.8	3.1	2.5	6.7	2.0	1.6	2.4	
Gain on disposal of available-for-sale investments	14.5	12.1	52.8	62.1	-	-	-	-	-	-	-	-	
Gain on disposal of investment properties	-	-	-	-	10.4	7.6	12.6	-	-	-	-	-	
Realisation of deferred income	18.6	15.6	-	-	-	-	-	-	-	-	-	-	
Net fair value gain on investment properties and properties under development	50.2	41.9	-	-	37.4	27.3	45.3	12.4	32.9	67.6	53.6	79.8	
Dividend income	9.9	8.3	3.7	4.3	-	-	-	-	-	-	-	-	
Government grants – Jobs Credit Scheme	-	-	1.6	1.9	0.4	0.3	0.5	0.3	0.8	-	-	-	
Others	1.2	1.0	1.5	1.9	1.8	1.4	2.2	1.2	3.2	2.5	2.0	3.0	
Total	119.7	100.0	85.0	100.0	82.4	60.2	100.0	37.7	100.0	84.6	67.1	100.0	

Administrative expenses

Our administrative expenses comprise primarily indirect staff costs, management fees due to CapitaLand and other related entities, rental expenses for our offices, professional fees, allowances for bad debt, and other general and administrative expenses. The management fees due to CapitaLand relate to shared services such as financial system services, information technology services, corporate risk management services, tax services and payroll services, which CapitaLand provided to us. See “Relationship with Our Controlling Shareholder – Potential Conflicts of Interests – CapitaLand – Collaboration Agreement.”

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The following table shows the breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in millions)						
Indirect staff cost . . .	24.9	31.9	51.0	37.2	23.6	28.7	22.7
Management fees charged by CapitaLand	15.4	12.9	16.7	12.2	7.1	8.7	6.9
Management fees charged by other CapitaLand Group companies	5.0	7.3	1.9	1.4	1.3	0.4	0.3
Professional fee expenses	6.7	2.1	1.5	1.1	2.3	3.9	3.1
Depreciation	4.8	6.1	7.2	5.3	3.1	3.2	2.5
Rental and related expenses	3.8	5.7	8.7	6.4	4.4	4.3	3.4
Allowance for doubtful debts	9.7	(10.0)	0.3	0.2	(0.1)	(0.3)	(0.2)
Others ⁽¹⁾	17.0	14.2	20.1	14.6	7.6	15.7	12.5
Total	<u>87.3</u>	<u>70.2</u>	<u>107.4</u>	<u>78.4</u>	<u>49.3</u>	<u>64.6</u>	<u>51.2</u>

Note:

(1) Others includes equipment maintenance, travel, transport, printing and stationary, insurance and other general and administrative expenses.

Other operating expenses

Other operating expenses comprise primarily fair value losses on revaluation of investment properties held by our subsidiaries and foreign exchange losses.

Finance costs

Our finance costs comprise primarily interest on interest-bearing loans from related corporations, non-controlling interests, notes and bank borrowings. The effective interest rate on loans from our related corporations and/or former non-controlling interests was 0.20% per annum at June 30, 2011, 8.50% per annum at December 31, 2010 and ranged from 4.86% to 8.50% per annum at December 31, 2009 and from 7.00% to 8.50% per annum at December 31, 2008. The interest rates on bank borrowings ranged from 1.42% to 5.94% per annum at June 30, 2010, 1.39% to 6.80% per annum at June 30, 2011, 1.43% to 6.40% per annum at December 31, 2010, 3.68% to 5.94% per annum at December 31, 2009 and 5.51% to 7.04% per annum at December 31, 2008.

The effective interest rate for the unsecured notes that we issued was 3.95% per annum at June 30, 2011 and at December 31, 2010, and the interest rate for our secured notes, which we fully repaid in 2010, ranged from 4.60% to 5.10% per annum at December 31, 2010 and 2009, and 4.28% to 5.50% per annum at December 31, 2008. The effective interest rate of secured notes issued in 2011 ranged from 4.00% to 4.50% per annum at June 30, 2011.

The effective interest rate for unsecured retail bonds issued in 2011 range from 1.00% to 2.15% per annum.

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Share of results (net of tax) of associates and jointly-controlled entities

Share of results (net of tax) of associates and jointly-controlled entities includes our share of the profits and losses, net of tax, of entities in which we have significant influence but no control, or joint control, over financial and operating policies. It also includes our share of their fair value gain or loss on revaluation of investment properties held by our associates and jointly-controlled entities.

The following table sets forth certain information on the share of results (net of tax) of our associates and jointly-controlled entities for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(unaudited)						
	(in millions)						
Singapore							
CMT	162.1	(15.4)	83.1	60.6	7.0	63.9	50.6
Bugis City Holdings Pte Ltd	(0.1)	1.0	–	–	–	–	–
Orchard Turn Holding Pte. Ltd.	(1.5)	428.4	355.5	259.5	88.8	72.8	57.7
Total	160.5	414.0	438.6	320.1	95.8	136.7	108.3
China							
CRCT	10.0	9.1	24.9	18.2	6.0	17.0	13.5
China Income Fund	8.4	(9.7)	11.5	8.4	0.5	41.7	33.0
China Development Fund II.	(11.6)	0.5	(1.0)	(0.7)	0.1	(7.6)	(6.0)
China Incubator Fund	6.6	(4.3)	(1.5)	(1.1)	(0.6)	3.9	3.1
Others	(1.5)	(4.6)	7.5	5.5	0.7	(0.9)	(0.8)
Total	11.9	(9.0)	41.4	30.3	6.7	54.1	42.8
Malaysia							
CMMT.	–	–	8.4	6.1	–	18.6	14.7
Japan							
Japan Fund	(18.2)	(16.6)	(6.5)	(4.7)	(6.9)	(16.9)	(13.4)
India							
India Development Fund and Horizon Realty Fund	(4.6)	(11.7)	(6.0)	(4.4)	(3.7)	(2.1)	(1.6)
Share of profits (net of tax) of associates and jointly- controlled entities.	149.6	376.7	475.9	347.4	91.9	190.4	150.8
Comprising:							
Operating profits from investment properties held by our associates and jointly- controlled entities	64.7	89.3	372.5	272.0	83.2	84.6	67.0
Net fair value gain on investment properties and properties under development	84.9	287.4	103.4	75.4	8.7	105.8	83.8
Total	149.6	376.7	475.9	347.4	91.9	190.4	150.8

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Taxation

Our income tax expense comprises current and deferred tax. Current tax is expected tax payable on the taxable income for the year. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, including any fair value gain on revaluation of investment properties held by our subsidiaries which may be subject to tax. Deferred tax assets in the financial statements have been recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The entities in our Group are incorporated in a number of jurisdictions including Singapore, China, Malaysia, Japan and India and are taxed in accordance with the tax regulations of the jurisdiction in which they are incorporated.

See Notes 10 and 26 to our consolidated financial information included in “Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants’ Report Thereon” of this listing document for a further description of our income tax expenses.

Non-controlling interests

Non-controlling interests represent the portion of net gains/losses relating to our subsidiaries that are not wholly-owned. The non-controlling interests will vary from year to year based upon the profit or loss of these subsidiaries and the effective interest of the non-controlling shareholders in each year.

RESULTS OF OPERATIONS

The following table sets forth certain income and expense items of our statement of income data, in absolute terms and as a percentage of our revenue, for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(unaudited)						
	(in thousands, except percentages and earnings per share)						
Revenue	205,210	228,946	245,402	179,126	147,644	113,031	89,565
Cost of sales	(81,007)	(100,246)	(91,803)	(67,009)	(52,396)	(43,082)	(34,138)
Gross profit	124,203	128,700	153,599	112,117	95,248	69,949	55,427
Other operating income	119,703	85,019	82,447	60,180	37,722	84,623	67,054
Administrative expenses	(87,266)	(70,212)	(107,419)	(78,408)	(49,284)	(64,586)	(51,177)
Other operating expenses	(617)	(111,901)	(1,099)	(802)	(78)	(2,710)	(2,147)
Finance costs	(158,296)	(111,430)	(25,603)	(18,688)	(13,632)	(16,050)	(12,718)
– Interest payable to holding company and related corporations	(130,489)	(84,215)	–	–	–	–	–
– Interest payable to banks, non-controlling interests and others	(27,807)	(27,215)	(25,603)	(18,688)	(13,632)	(16,050)	(12,718)
Share of results (net of tax) of:							
– Associates	152,643	(46,705)	112,824	82,353	2,445	118,736	94,085
– Jointly-controlled entities	(2,998)	423,447	363,060	265,007	89,456	71,628	56,758
Profit before taxation	147,372	296,918	577,809	421,759	161,877	261,590	207,282
Income tax expense	(29,307)	(22,693)	(28,871)	(21,074)	(12,821)	(32,003)	(25,359)
Profit for the year/period	118,065	274,225	548,938	400,685	149,056	229,587	181,923

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	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
(unaudited)							
(in thousands, except percentages and earnings per share)							
Attributable to:							
Owners of the Company	115,562	268,665	541,337	395,137	146,890	214,043	169,606
Non-controlling interests	2,503	5,560	7,601	5,548	2,166	15,544	12,317
Profit for the year/period	118,065	274,225	548,938	400,685	149,056	229,587	181,923
Earnings per share (in cents)							
– Basic and diluted	34.9	13.9	13.9	10.1	3.8	5.5	4.4
– Diluted	34.9	13.9	13.9	10.1	3.8	5.5	4.4
Other Data:							
Revenue growth (year on year)/ (period on period)	NA	11.6%	7.2%	7.2%	N/A	(23.4%)	(23.4%)
Profit growth (profit for the year/ period attributable to owners of the Company)	NA	132.5%	101.5%	101.5%	N/A	45.7%	45.7%
Earnings before interest and taxes ⁽¹⁾	305,668	408,348	603,412	440,447	175,509	277,640	220,000

Note:

- (1) We calculate the EBIT set out in the table above by adding interest expense to the profit/(loss) before income tax, as calculated under SFRS. EBIT is not a standard measure under SFRS. EBIT is a widely used financial indicator of a company's ability to service and incur debt. EBIT should not be considered in isolation or construed as an alternative to cash or cash flows generated by operating, investing or financing activities. EBIT does not account for taxes, interest expense or other non-operating, investing or financing activities. In evaluating EBIT, we believe that investors should consider, among other things, the components of EBIT such as revenue and operating expenses and the amount by which EBIT exceeds capital expenditure and other charges. EBIT presented in this listing document may not be comparable to similarly titled measures presented by other companies. You should not compare our EBIT to EBIT presented by other companies because not all companies use the same definition. The table below shows our EBIT at the Group level reconciled to our profit for the periods presented.

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
	S\$				
	(in thousands)				
Profit for the year/period	118,065	274,225	548,938	149,056	229,587
Add:					
– Income tax expense	29,307	22,693	28,871	12,821	32,003
– Finance costs	158,296	111,430	25,603	13,632	16,050
EBIT	305,668	408,348	603,412	175,509	277,640

The information presented above is derived from the consolidated financial information of our Group for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 and 2011.

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Six months ended June 30, 2011 compared to six months ended June 30, 2010

Revenue. Our revenue decreased by 23.4% to S\$113.0 million in the six months ended June 30, 2011 from S\$147.6 million in the six months ended June 30, 2010. This decrease was primarily due to a decrease in rental income totaling S\$56.1 million that was the result of the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay in Singapore to CMT in July 2010. As we no longer held these properties directly, we no longer received direct rental income from them. Instead, the CMMT and CMT REITs received such rental income, and we received only our distributions from such REITs as unitholders of the REITs. See “– Share of results (net of tax) of associates and jointly-controlled entities”, below. This decrease was partially offset by an increase in revenue from our fund management entities amounting to S\$11.7 million and by an increase in rental income from our newly acquired mall in Malaysia, Queensbay Mall. The increase in revenue from our fund management entities was mainly due to (i) our becoming the fund manager for CMMT, which contributed S\$3.0 million, (ii) higher fees from CMT (in an amount of S\$2.2 million) and our China funds (in an amount of S\$1.2 million) due to higher asset values and better performances of our malls, and (iii) acquisition fees relating to Iluma, CapitaMall Minzhongleyuan, Wuhan and Gurney Plaza Extension, in a total amount of S\$5.3 million.

Cost of sales. Our cost of sales decreased by 17.8% to S\$43.1 million in the six months ended June 30, 2011 from S\$52.4 million in the six months ended June 30, 2010. This decrease was primarily attributable to a decrease totalling S\$16.3 million in property-related costs, such as maintenance, utilities and property taxes, resulting from the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay in Singapore to CMT in July 2010. This decrease was partially offset by (i) an increase in direct staff cost arising from higher headcount as we grew our business in China, totalling S\$4.5 million, (ii) higher property-related costs for our newly acquired mall in Malaysia, Queensbay Mall, totalling S\$2.3 million, and (iii) higher property-related costs for our China malls totalling S\$0.7 million.

Gross profit. As a result of the foregoing, our gross profit decreased by 26.6% to S\$69.9 million in the six months ended June 30, 2011 from S\$95.2 million in the six months ended June 30, 2010.

Other operating income. Our other operating income increased by 124.3% to S\$84.6 million in the six months ended June 30, 2011 from S\$37.7 million in the six months ended June 30, 2010. This increase was primarily attributable to a higher revaluation gain on investment properties and properties under development in an amount of S\$55.2 million, which was the result of (i) strong retail growth, (ii) improvements in the underlying performance of our properties, and (iii) the achievement of certain project milestones for properties under development. This increase was partially offset by the fact that, in the six months ended June 30, 2011, we did not record a foreign exchange gain, whereas in the six months ended June 30, 2010, we recorded a foreign exchange gain of S\$10.8 million mainly arising from Malaysian Ringgit-denominated loan receivables, and by lower interest income from Orchard Turn Holdings, as our shareholders’ loan was repaid in April 2011.

Administrative expenses. Our administrative expenses increased by 31.0% to S\$64.6 million in the six months ended June 30, 2011 from S\$49.3 million in the six months ended June 30, 2010. This increase was primarily attributable to provisions for expenses for our secondary listing, higher staff cost arising from higher headcount in line with our growing regional footprint, and higher equipment maintenance expenses.

Other operating expenses. Our other operating expenses increased to S\$2.7 million in the six months ended June 30, 2011 from S\$0.1 million in the six months ended June 30, 2010. This increase was mainly due to a foreign exchange loss of S\$2.5 million mainly in relation to surplus funds denominated in Malaysian Ringgit.

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Finance costs. Our finance costs increased by 17.7% to S\$16.1 million in the six months ended June 30, 2011 from S\$13.6 million in the six months ended June 30, 2010. This increase was primarily attributable to the issuance of medium-term notes and the draw-down of bank loans, as well as the issuance of retail bonds, for funding of new investments. This increase was partially offset by the repayment of bank loans in China.

Share of results (net of tax) of associates and jointly-controlled entities. Our share of results of associates and jointly-controlled entities increased by 107.1% to S\$190.4 million in the six months ended June 30, 2011 from S\$91.9 million in the six months ended June 30, 2010. This increase was primarily attributable to an increase in the share of results of associates, which resulted from a higher revaluation gain, amounting to S\$97.1 million, which arose from strong retail growth, improvements in the underlying performance of our properties, capital value appreciation based on recent property and land transactions, and the meeting of certain project milestone for properties under development. The increase was also attributable to (i) new contributions from the operations of CMMT amounting to S\$9.2 million, (ii) higher contributions from our China funds amounting to S\$6.5 million and owing to foreign exchange gains arising from US dollar-denominated loans in China Development Fund II (whose functional currency is SGD), and (iii) better performance from ION Orchard. This increase was partially offset by lower profit recognition from sale of units of Orchard Residences, as we had sold and recognized the revenue for the sale of most of the units in Orchard Residences.

Profit before income tax. As a result of the foregoing, our profit before income tax for the six months ended June 30, 2011 was S\$261.6 million compared to S\$161.9 million for the six months ended June 30, 2010, an increase of 61.6%.

Income tax expense. Our income tax expense was S\$32.0 million in the six months ended June 30, 2011 compared to S\$12.8 million in the six months ended June 30, 2010, an increase of 149.6%. The higher income tax expense in the six months ended June 30, 2011 was attributable to a provision relating to deferred tax on higher revaluation gains of our malls in China and Malaysia, as well as the absence of a tax refund from the Singapore tax authority and a write-back of over-provisions for tax in China for prior years.

Profit attributable to owners of the Company. As a result of the foregoing, the portion of our net profit attributable to our owners was S\$214.0 million in the six months ended June 30, 2011 compared to S\$146.9 million in the six months ended June 30, 2010, an increase of 45.7%.

Profit/(loss) attributable to non-controlling interests. The portion of our net profit attributable to non-controlling interests was S\$15.5 million in the six months ended June 30, 2011 compared to S\$2.2 million in the six months ended June 30, 2010. This increase was primarily due to the non-controlling interests' share in higher revaluation gains and higher operating profits of our malls in China.

Earnings before interest and taxes. Our earnings before interest and taxes increased by 58.2% to S\$277.6 million in the six months ended June 30, 2011 from S\$175.5 million in the six months ended June 31, 2010.

2010 compared to 2009

Revenue. Our revenue increased by 7.2% to S\$245.4 million in 2010 from S\$228.9 million in 2009. This increase was primarily attributable to an increase in fund management fees resulting from a full year's contribution from our fund management entities that we acquired through the Corporate Reorganization implemented to rationalize and streamline our business structure within the CapitaLand group of companies and to position our Group as an integrated shopping mall business in preparation for our listing on the SGX-ST in late 2009 (see "Our History"). This full-year contribution amounted to S\$64.7 million for 2010, compared to a contribution to our revenue by these entities of S\$6.3 million for approximately

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one month-and-a-half in 2009. This increase was partially offset by a decrease in rental income from S\$135.1 million in 2009 to S\$94.3 million in 2010 due to the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay to CMT in July 2010 in order to recycle capital for future investments. As we no longer held these properties directly, we no longer received direct rental income from them. Instead, the CMMT and CMT REITs received such rental income, and we received our distributions from the REITs as unitholders in the REITs. See “– Share of results (net of tax) of associates and jointly-controlled entities”, below. Rental income from our other properties that we held directly remained steady, as we generated revenue largely from existing leases.

Cost of sales. Our cost of sales decreased by 8.4% to S\$91.8 million in 2010 from S\$100.2 million in 2009. This decrease was primarily due to the reduction of property-related costs, such as maintenance and utilities, resulting from the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay to CMT in July 2010. This reduction was offset partially by an increase in staff costs due to the higher headcount resulting from our acquisition of our fund management entities through the Corporate Reorganization in late 2009.

Gross profit. Our gross profit increased by S\$24.9 million, or 19.3% to S\$153.6 million in 2010 from S\$128.7 million in 2009. The increase in gross profit was primarily a result of the increase in our revenue and the decrease in our cost of sales, each as discussed above.

Other operating income. Our other operating income decreased by 3.1% to S\$82.4 million in 2010 from S\$85.0 million in 2009. The decrease was primarily attributable to a comparatively small gain of S\$10.4 million in 2010 arising from the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT as compared with a comparatively large gain of S\$52.8 million in 2009 arising from the strategic disposal of The Link REIT, which we deemed to be non-core to our business. In addition, we did not receive any dividend income in 2010, since we disposed of our remaining units in The Link REIT in 2009, compared to dividend income of S\$3.7 million in 2009 from our equity interest in The Link REIT. These decreases were partially offset by a revaluation gain on investment properties and properties under development of S\$37.4 million, resulting from (i) increases in the valuations of our directly held properties (other than The Star Vista) due to general increases in the market prices for real property, asset enhancements and changes in the tenant mix, resulting in renewals at higher lease rates, and (ii) a foreign exchange gain of S\$3.9 million mainly arising from the strengthening of the Malaysian Ringgit compared to the Singapore dollar in relation to loan receivables and cash surplus denominated in Malaysian Ringgit.

Administrative expenses. Our administrative expenses increased by 53.0% to S\$107.4 million in 2010 from S\$70.2 million in 2009. This increase was primarily attributable to an increase in indirect staff costs amounting to S\$19.1 million, which was the result of (i) an increase in headcount, driven by the expansion of our business in China, where our costs per employee increased as a result of the general use in salaries for professional staff in China and our hiring of more senior employees in the country; (ii) the full-year effect of expenses related to the Share Plans as a result of our IPO in late 2009; and (iii) an increase in bonus provisions, as result of the improved performance of our Group. A contributing reason for the increase in administrative expenses in 2010 compared to 2009 was the fact that, in 2009, we recorded a reversal of an allowance for doubtful receivables from the prior year in an amount of S\$10.0 million. This reversal related to debts in the ordinary course of our business that had previously been recorded as doubtful but were partially repaid in 2009. This reversal reduced our administrative expenses when it was recorded in 2009. In 2010, by contrast, we recorded an allowance for doubtful debts in an amount of S\$0.3 million.

Other operating expenses. Our other operating expenses decreased to S\$1.1 million in 2010 from S\$111.9 million in 2009. This decrease was mainly due to the revaluation loss of S\$109.0 million recorded in 2009 for The Star Vista, an investment property under construction, as a result of continued economic weakness in 2009 while in 2010 we realized a revaluation gain, which we recorded under other operating income (see “– Other operating income,” above).

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Finance costs. Our finance costs decreased by 77.0% to S\$25.6 million in 2010 from S\$111.4 million in 2009. This decrease was primarily attributable to the capitalization of loans from CapitaLand and its related corporation prior to our Company's initial public offering in November 2009 (see "Our History"), resulting in lower interest costs in 2010.

Share of results (net of tax) of associates and jointly-controlled entities. Our share of results of associates and jointly-controlled entities increased by 26.3% to S\$475.9 million in 2010 from S\$376.7 million in 2009. This increase was primarily attributable to profit recognition from the sale of units in the Orchard Residences for 2010 of S\$243.4 million, which represents a S\$222.9 million increase compared to 2009, a revaluation gain of properties held by associates of S\$151.1 million, new contributions from CMMT of S\$8.4 million arising from CMMT's operations, and an increase in contributions from ION Orchard of S\$38.0 million resulting from the full year of operations of ION Orchard, which opened in July 2009. The increase was partially offset by a lower revaluation gain of ION Orchard of S\$66.9 million in 2010 as compared to a revaluation gain of S\$402.0 million in 2009, as ION Orchard began operations.

Profit before income tax. As a result of the foregoing, our profit before income tax in 2010 was S\$577.8 million compared to S\$296.9 million in 2009, an increase of 94.6%.

Income tax expense. Our income tax expense increased by 27.3% to S\$28.9 million in 2010 compared to S\$22.7 million in 2009, primarily due to higher tax expenses of S\$7.0 million incurred by our fund management companies and deferred tax expenses of S\$1.3 million on the revaluation gain of CapitaMall Tianfu. This increase was partially offset by a S\$4.7 million tax refund in relation to Plaza Singapura Pte Ltd.

Profit attributable to owners of the Company. The portion of our net profit attributable to our owners was S\$541.3 million in 2010 compared to S\$268.7 million in 2009, an increase of 101.5%. This was primarily due to an increase in gross profit, a decrease in other operating expenses and a decrease in finance costs (which were largely due to the factors discussed above), and an increase in our share of results (net of tax) of associates and jointly-controlled entities.

Profit attributable to non-controlling interests. The portion of our net profit attributable to non-controlling interests was S\$7.6 million in 2010 as compared to S\$5.6 million in 2009, an increase of 36.7%.

Earnings before interest and taxes. Our earnings before interest and taxes increased by 47.8% to S\$603.4 million in 2010 from S\$408.3 million in 2009.

2009 compared to 2008

Revenue. Our revenue increased by 11.6% to S\$228.9 million in 2009 from S\$205.2 million in 2008. This increase was primarily due to increases in rental income resulting from (i) the addition of a full year's contribution in 2009 from Sungei Wang Plaza (which we acquired in June 2008 in line with our objective to grow our presence in Malaysia), which amounted to S\$25.7 million in rental income, compared to a contribution of S\$12.7 million in rental income for approximately six months in 2008; and (ii) an increase of S\$12.0 million in rental income from our two other malls in Malaysia and our five majority-owned malls in China. The increases were due to higher occupancy rates and increases in average rental rates, as we were able to procure higher lease rates for new leases than for existing ones, as well as asset enhancement activities in Malaysia that created more lettable space. Another reason for the increase in our revenue was the contribution of S\$6.3 million in fund management fees in 2009 from our new fund management entities, which we acquired through the Corporate Reorganization implemented in preparation for our listing on the SGX-ST in late 2009 (see "Our History"). The increase in revenue was partially offset by a decrease in project management fees of S\$11.7 million due to a lesser number of projects carried out in 2009 than in 2008 and due to the fact that in 2008 we also charged project

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management fees for project-related costs we incurred in 2006 and 2007 but where the projects were not completed until 2008, while in 2009 we began to charge project management fees progressively during various stages of completion of the project.

Cost of sales. Our cost of sales increased by 23.7% to S\$100.2 million in 2009 from S\$81.0 million in 2008. This increase was primarily due to the full-year effect of property maintenance and utilities expenses and direct staff costs relating to Sungei Wang Plaza, which we acquired in June 2008, and to other increases in direct staff costs. Those other increases in direct staff costs were the result of a general increase in salaries as Asian economics rebounded from the slow-down of 2008 and of higher headcount resulting from the general growth of our business and from our acquisition of the fund management entities through the Corporate Reorganization.

Gross profit. Our gross profit increased by 3.6% to S\$128.7 million in 2009 from S\$124.2 million in 2008. The increase in gross profit was primarily a result of the increase in our revenue and partly offset by the increase in cost of sales, each as discussed above.

Other operating income. Our other operating income decreased by 29.0% to S\$85.0 million in 2009 from S\$119.7 million in 2008. The decrease was primarily attributable to (i) an absence of revaluation gain of investment properties and properties under development held by our subsidiaries in 2009 as compared with the revaluation gain of S\$50.2 million in 2008 which arose mainly from our three properties in Malaysia, (ii) no unrealized gain on foreign exchange translation in 2009, compared with a S\$12.1 million gain in 2008, as a result of the Singapore dollar strengthening against the US dollar (as some of our loans from related companies are denominated in US dollars), and (iii) the recognition in 2008 of a deferred disposal gain of S\$18.6 million upon the successful transfer of the property title of CapitaMall Wangjing in Beijing, which was divested in 2006 to CRCT. The decrease was partially offset by a gain of S\$52.8 million on the disposal of The Link REIT units in 2009 and higher interest income of S\$25.4 million in 2009 compared to S\$13.1 million in 2008 from short-term interest-bearing loans which we had provided to certain of our associates, due to an increase in the amounts of loans provided.

Administrative expenses. Our administrative expenses decreased by 19.5% to S\$70.2 million in 2009 from S\$87.3 million in 2008. This decrease was primarily attributable to the reversal of an allowance for doubtful receivables of S\$10.0 million in 2009, compared to an allowance for doubtful receivables of S\$9.7 million made in 2008, as a result of certain debts that were considered doubtful in 2008 being repaid in part in 2009. The decrease was partially offset by an increase in indirect staff costs of S\$7.0 million in 2009, which was a result of the full-year effect of our acquisition of Sungei Wang Plaza, a general increase in salaries and higher headcount resulting from the general growth of our business and from our acquisition of the fund management entities through the Corporate Reorganization.

Other operating expenses. Our other operating expenses increased to S\$111.9 million in 2009 from S\$0.6 million in 2008. This increase was mainly due to a revaluation loss of S\$99.0 million attributable largely to The Star Vista, resulting from continued economic weakness in 2009, and a foreign exchange loss of S\$12.7 million in 2009 arising from the devaluation of receivables denominated in Malaysian Ringgit and cash balances in Hong Kong dollars as compared to a foreign exchange gain of S\$12.1 million recorded in other operating income in 2008.

Finance costs. Our finance costs decreased by 29.6% to S\$111.4 million in 2009 from S\$158.3 million in 2008. This decrease was primarily attributable to lower interest rates on US dollar-denominated loans extended to the Group from CapitaLand prior to the initial public offering of our Company. In addition, the inter-company loans from CapitaLand and its related corporation were capitalised prior to the initial public offering in November 2009 and no further interest expense was incurred.

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Share of results (net of tax) of associates and jointly-controlled entities. Our share of results of associates and jointly-controlled entities increased by 151.8% to S\$376.7 million in 2009 from S\$149.6 million in 2008. This increase was primarily attributable to an increase in our share of results of jointly-controlled entities arising from a revaluation gain of ION Orchard of S\$402.0 million compared to nil in 2008 and profit recognition from the sale of units in The Orchard Residences of S\$20.5 million in 2009 compared to nil in 2008. The share of losses of jointly-controlled entities in 2008 of S\$3.0 million was primarily due to marketing expenses incurred by ION Orchard and The Orchard Residences. The increase in our share of results of jointly-controlled entities was partially offset by share of losses of associates arising from a revaluation loss of properties held by CMT of S\$87.1 million in 2009 compared to a revaluation gain of S\$93.3 million in 2008.

Profit before income tax. As a result of the foregoing, our profit before income tax in 2009 was S\$296.9 million compared to S\$147.4 million in 2008.

Income tax expense. Our income tax expense decreased by 22.5% to S\$22.7 million in 2009 compared to S\$29.3 million in 2008, primarily due to lower deferred tax provided as a result of lower revaluation gain of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia.

Profit attributable to owners of the Company. The portion of our net profit attributable to our owners was S\$268.7 million in 2009 compared to S\$115.6 million in 2008. This was primarily due to an increase in the share of results (net of tax) of associates and jointly-controlled entities, which was largely due to factors discussed above.

Profit attributable to non-controlling interests. The portion of our net profit attributable to non-controlling interests was S\$5.6 million in 2009 compared to S\$2.5 million in 2008, an increase of 122.1%.

Earnings before interest and taxes. Our earnings before interest and taxes increased by 33.6% to S\$408.3 million in 2009 from S\$305.7 million in 2008.

CERTAIN BALANCE SHEET ITEMS

Investment properties. Our investment properties consist of completed investment properties, which we hold either to earn property and related income, or for capital appreciation, or both. They do not include properties which we hold with the intention of sale in the ordinary course of business, or which we use in the production or supply of goods or services, or for administrative purposes. Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Our investment properties were valued at S\$1,390.1 million, S\$1,378.6 million, S\$304.4 million and S\$581.7 million as at December 31, 2008, 2009, 2010 and June 30, 2011, respectively. The decrease from 2008 to 2009 was primarily due to translation differences of S\$44.6 million which was partially offset by a revaluation gain of S\$10.0 million and asset enhancement works of S\$23.0 million. The decrease from 2009 to 2010 was primarily due to the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay to CMT in July 2010, for which the Group recognised gains on disposal amounting to S\$10.4 million and a change in fair value of S\$3.7 million, respectively. The increase from December 31, 2010 to June 30, 2011 was primarily due to the acquisition of Queensbay Mall in Malaysia in April 2011 with a value of S\$273.9 million and revaluation gains from our malls in China and Queensbay Mall totalling S\$21.1 million. This increase was partially offset by a foreign exchange translation loss of S\$17.9 million arising from the weakening of the Chinese Renminbi and the Malaysian Ringgit against the Singapore dollar.

Properties under development. Properties under development are properties being constructed or developed for future use as investment properties. They are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value

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with any change therein recognised in the profit or loss. As at December 31, 2008, 2009, 2010 and June 30, 2011, our properties under development amounted to S\$171.3 million, S\$127.7 million, S\$288.8 million and S\$783.3 million, respectively. The decrease in 2009 was primarily due to the revaluation loss of S\$109.0 million recorded in 2009 for The Star Vista, partially mitigated by development costs capitalized during the year for The Star Vista. The increase in 2010 was primarily due to the acquisition of CapitaMall Tianfu in March 2010, the revaluation gain of CapitaMall Tianfu and development costs capitalized for The Star Vista. The increase as of June 30, 2011 was primarily due to the acquisition of the Luwan Site in Shanghai for S\$428.3 million, a revaluation gain from the Luwan Site and CapitaMall Tianfu totalling S\$46.4 million, and additional development costs capitalized for The Star Vista and CapitaMall Tianfu. The increase was partially offset by foreign translation losses.

Associates. Our investments in associates are accounted for by the equity method of accounting. Our investments in associates were S\$2,746.6 million, S\$2,999.4 million, S\$3,119.7 million and S\$3,264.8 million as at December 31, 2008, 2009, 2010 and June 30, 2011, respectively. The increase in 2009 was primarily due to our subscription for our entitlement in the rights issue of CMT. The increase in 2010 was primarily due to our investment in CMMT of S\$238.6 million, which was partially offset by the liquidation of Bugis City Holdings (“BCH”) in the amount of S\$116.3 million. The increase as of June 30, 2011 was primarily due to our participation in the upsizing of China Income Fund in an amount of S\$121.4 million, our participation in the equity fund raising of CRCT (in an amount of S\$15.2 million) and CMMT (in an amount of S\$26.8 million), a capital call from India Development Fund in an amount of S\$3.8 million and a share of the revaluation gain from associates amounting to S\$70.4 million. This increase was partially offset by distributions received from the REITs totalling S\$64.4 million, the disposal of CMT units worth S\$7.4 million, and our share of reserves in an amount of S\$18.9 million.

Jointly-controlled entities. Our investments in jointly-controlled entities are accounted for by the equity method of accounting. Our investments in jointly-controlled companies were S\$241.6 million, S\$675.4 million, S\$1,043.7 million and S\$910.9 million as at December 31, 2008, 2009, 2010 and June 30, 2011, respectively. The increase in 2009 was primarily due to the revaluation gain of ION Orchard of S\$402.0 million in 2009 and profit recognition from sales of units in The Orchard Residences of S\$20.5 million in 2009. In 2010, the increase was primarily due to a revaluation gain for ION Orchard of S\$66.9 million in 2010, contributions arising from the opening of ION Orchard in 2010 of S\$42.8 million, and profit recognition from sales of units in the Orchard Residences of S\$243.4 million in 2010. The decrease as of June 30, 2011 was primarily due to the repayment of a shareholders’ loan by Orchard Turn Holdings of S\$270.0 million and a dividend distribution by Orchard Turn Holdings amounting to S\$204.0 million. This decrease was partially offset by deposits paid on behalf of jointly-controlled entities for the Bedok site amounting to S\$113.4 million and the Jurong Gateway site amounting to S\$144.1 million, a revaluation gain from ION of S\$35.4 million and our share of operating results amounting to S\$37.3 million.

Other investments. Our other investments include available-for-sale investments. Our available-for-sale investments are stated at their fair value at the balance sheet date. The fair values are based on quoted bid prices where available, or our share of revalued net assets of the unquoted investments. We had other investments of S\$113.1 million, S\$200.0 million, S\$378.7 million and S\$387.5 million as at December 31, 2008, 2009, 2010 and June 30, 2011, respectively. The increase in other investments in 2009 was primarily due to the Group’s acquisition in 2009 of unquoted equity securities for a consideration of S\$190.1 million, partially offset by the disposal of quoted equity securities. In 2010, the increase in other investments was primarily due to the Group’s acquisition of a 17.1% equity interest in unquoted equity securities from a related corporation for a consideration of S\$130.9 million and to the injection of an additional S\$31.7 million in other unquoted equity securities which we acquired in 2009. The increase as of June 30, 2011 was primarily due to a fair value gain of S\$18.1 million in our unquoted equity securities of Raffles City China Fund and Raffles City Changning and an additional investment in Raffles City China Fund amounting to S\$6.5 million. This increase was partially offset by foreign exchange translation losses amounting to S\$15.9 million arising from the weakening of the US dollar against the Singapore dollar.

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Trade and other receivables. Our trade and other receivables include rental due from tenants, amounts due from associates and jointly controlled entities, deposits and prepayments. We had trade and other receivables of S\$306.7 million, S\$436.0 million, S\$498.3 million and S\$210.4 million as at December 31, 2008, 2009, 2010 and June 30, 2011, respectively. The increase in trade and other receivables in 2009 was primarily due to short-term loans to our associates. In 2010, the increase in trade and other receivables was primarily due to deposits paid for the Gurney Plaza Extension, Luwan Site and Queensbay Mall of S\$65.2 million; loans to jointly controlled entities of S\$117.4 million; and prepayments of S\$18.6 million for CapitaMall Meilicheng. This increase was partially offset by repayments of short-term receivables by our associates of S\$149.4 million. The decrease as of June 30, 2011 was primarily due to the repayment of loans by associates in an aggregate amount of S\$79.5 million, interest payments on a loan by a jointly-controlled entity amounting to S\$46.0 million, the reclassification of S\$113.4 million owing from a jointly-controlled entity (for a deposit placed for the Bedok site) to a long-term receivable from a jointly-controlled entity, and the reclassification of deposits placed for Luwan Site and for Queensbay Mall and Gurney Plaza Extension (totalling S\$65.2 million) to investment properties and properties under development upon completion of acquisition.

Loans and borrowings. We had loans and borrowings of S\$3,003.1 million, S\$502.9 million and S\$700.0 million and S\$972.1 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. The following table sets forth our loans and borrowings as of the balance sheet dates indicated:

	As at December 31,				June 30,	
	2008	2009	2010	2010	2011	2011 ⁽¹⁾
	S\$	S\$	S\$	US\$	S\$	US\$
	(in thousands)					
Non-current liabilities						
Secured bank loans	60,623	430,738	90,215	65,850	80,200	63,550
Unsecured bank loans	–	–	248,140	181,124	98,877	78,350
Secured notes	62,139	–	–	–	81,258	64,388
Unsecured notes	–	–	349,337	254,991	349,381	276,847
Unsecured retail bonds	–	–	–	–	124,792	98,884
Loans from related corporation	1,525,390	–	–	–	–	–
	1,648,152	430,738	687,692	501,965	734,508	582,019
Current liabilities						
Secured bank loans	4,575	11,379	12,260	8,949	12,847	10,180
Unsecured bank loans	–	–	–	–	149,797	118,698
Secured notes	103,810	60,776	–	–	–	–
Unsecured retail bonds	–	–	–	–	74,967	59,403
Loans from related corporation	1,234,530	–	–	–	–	–
Loan from holding company	12,000	–	–	–	–	–
	1,354,915	72,155	12,260	8,949	237,611	188,281
Total loans and borrowings	3,003,067	502,893	699,952	510,914	972,119	770,300

Note:

(1) Converted at the rate of US\$1.00 = S\$1.262, the average rate for the period.

For further details of our indebtedness, please refer to the sections titled “Financial Information – Liquidity and Capital Resources – Borrowings” and “Financial Information – Capitalization and Indebtedness” below.

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Our loans and borrowings which were to be repayable after more than 12 months were of S\$1,648.2 million, S\$430.7 million, S\$687.7 million and S\$734.5 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. The decrease in 2009 was primarily due to the capitalization of loans from CapitaLand and its related corporation prior to our Company's initial public offering in November 2009 (see "Our History"). In 2010, the increase was primarily due to new borrowings incurred in Singapore. The increase for June 30, 2011 was primarily due to our issuance of retail bonds in an amount of S\$125.0 million and senior bonds in an amount of S\$81.0 million for new investments, such as the Jurong Gateway Site, the Bedok Site, the Luwan Site, Shanghai and Queensbay Mall, partially offset by the reclassification of unsecured bank loans from non-current to current liabilities.

Our loans and borrowings which were to be repayable within 12 months were of S\$1,354.9 million, S\$72.2 million, S\$12.3 million and S\$237.6 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. The decrease in 2009 was primarily due to the capitalization of loans from CapitaLand and its related corporation. In 2010, the decrease was primarily due to the repayment of an external bank loan in Malaysia. The increase for June 30, 2011 was primarily due to our issuance of retail bonds, of which S\$75 million was due within 12 months, and the reclassification of unsecured bank loans from non-current to current liabilities.

Deferred tax liabilities. We had deferred tax liabilities which were to be settled after more than 12 months of S\$25.0 million, S\$30.1 million, S\$33.1 million and S\$47.5 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. Our deferred tax liabilities increased in 2009, primarily as a result of provisions for deferred tax on revaluation gain for our malls in China and Malaysia. In 2010, the increase in deferred tax liabilities was primarily due to S\$3.0 million in deferred taxes as the result of our acquisition of CapitaMall Tianfu and a provision of S\$5.4 million for deferred tax liabilities related to the revaluation of gain for our malls in China, partially offset by a decrease of provision for deferred tax on revaluation gain of S\$4.8 million for our malls in Malaysia, due to disposal to CMMT. The increase for June 30, 2011 was primarily due to a deferred tax provision for revaluation gains in our malls in China and Malaysia.

Other non-current liabilities. Our other non-current liabilities include security deposits and liability for Restricted Stock Plan expenses and derivative liability. We had other non-current liabilities of S\$26.3 million, S\$23.8 million, S\$7.4 million and S\$9.4 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. The decrease in other non-current liabilities in 2009 was primarily due to the reversal of security deposits on behalf of malls in Japan in 2008. In 2010, the decrease in other non-current liabilities was primarily due to the disposals of Clarke Quay to CMT and three shopping malls in Malaysia to CMMT. The increase for June 30, 2011 was primarily due to the payment of a security deposit by our customers at our newly acquired Queensbay Mall.

Trade and other payables. Our trade and other payables include amounts due to related companies, associates and jointly-controlled entities, accrued operating expenses and liability for employee benefits. We had trade and other payables of S\$453.7 million, S\$377.6 million, S\$295.4 million and S\$185.4 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. The decrease in trade and other payables in 2009 was primarily due to repayments to non-controlling interests. In 2010, the decrease in trade and other payables was primarily due to the repayment of short-term interest-bearing loans to associates and the offsetting of a loan from BCH against the cost of investment upon BCH's liquidation. The decrease was partially offset by the accrual of purchase consideration payable for our acquisition of a 17.10% interest in Raffles City Changning of S\$130.9 million. The decrease for June 30, 2011 was primarily due to the partial settlement of an amount owing to a related corporation for the acquisition of a 17.1% interest in Raffles City Changning.

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Current tax payable. Our current tax payable pertains to expected tax payable on the taxable income for the year. We had current tax payable of S\$32.2 million, S\$49.1 million, S\$58.1 million and S\$59.9 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. The increase in current tax payable in 2009 was primarily due to a S\$7.8 million tax provision for our fund management entities, a S\$1.6 million tax provision for our property management company in China, a S\$1.3 million tax provision for Clarke Quay arising from higher revenue, as well as higher tax payable of S\$3.5 million arising from higher dividend income received from CMT. In 2010, the increase in current tax payable was primarily due to a S\$1.3 million provision for Clarke Quay arising from reclassification from deferred tax liabilities, S\$1.7 million tax payable arising from higher interest income on short-term loans to our associates and a S\$5.3 million provision for gain on disposal of three malls in Malaysia to CMMT. The increase as of June 30, 2011 was primarily due to higher tax provisions in the ordinary course of our business, which were substantially offset by actual tax payments for the relevant period.

LIQUIDITY AND CAPITAL RESOURCES

The main sources of funding for our operations and expansion are:

- equity from investors;
- cash flow from operations and divestment activities;
- borrowings from banks and financial institutions; and
- issuances of debt securities.

In April 2010, our wholly-owned subsidiary, CapitaMalls Asia Treasury Limited, established a S\$2 billion Euro-Medium Term Note (EMTN) programme guaranteed by our Company under which S\$350 million of notes were issued in August 2010. We have also issued 1-year and 3-year retail bonds with an aggregate notional amount of S\$200 million to retail investors in January 2011.

Financial resources

As of June 30, 2011, we had aggregate cash and cash equivalents of S\$1,191.6 million. Our policy is to place our excess cash in short-term bank deposits or money market instruments. As of December 31, 2010, we had aggregate cash and cash equivalents of S\$1,318.3 million compared to S\$543.1 million (excluding bank balances of S\$1.2 million of subsidiaries which have been pledged as security) as of December 31, 2009, and S\$137.7 million (excluding bank balances of S\$0.3 million of subsidiaries which have been pledged as security) as of December 31, 2008.

We believe that we have adequate working capital for our present requirements and that our net cash generated from operating activities, together with cash and cash equivalents, will provide sufficient funds to satisfy our working capital requirements and anticipated capital expenditure for the next 12 months. We may, however, incur additional indebtedness to finance all or a portion of our planned capital expenditure or for other purposes. In addition, depending on our capital requirements, market conditions and other factors, we may raise additional funds through debt, equity or hybrid offerings or the sale or other disposition of shares or assets. See “Risk Factors – Sales or possible sales of a substantial number of Shares by us or one of our shareholders following the Listing could adversely affect the market price of the Shares.”

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The following table sets forth a selected summary of our statement of cash flows for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,		
	2008	2009	2010	2010	2010	2011	2011
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in thousands)						
Cash flow from/(used in)							
operating activities.	55,135	102,415	55,191	40,286	36,261	(16,369)	(12,971)
Cash flow (used in)/from							
investing activities.	(652,591)	(636,724)	621,713	453,805	(43,565)	(292,371)	(231,673)
Cash flow from financing							
activities	613,412	940,602	99,878	72,904	72,737	188,757	149,570
Net increase/(decrease) in cash							
 and cash equivalents.	15,956	406,293	776,782	566,995	65,433	(119,983)	(95,074)
Effect of exchange rate changes							
on cash balances held in							
foreign currencies	117	(890)	(1,612)	(1,177)	3,693	(6,715)	(5,321)
Cash and cash equivalents at							
beginning of year/period	121,666	137,739	543,142	396,454	543,142	1,318,312	1,044,622
Cash and cash equivalents⁽¹⁾							
 at end of year/period.	<u>137,739</u>	<u>543,142</u>	<u>1,318,312</u>	<u>962,272</u>	<u>612,268</u>	<u>1,191,614</u>	<u>944,227</u>

Note:

(1) Excludes certain bank balances of subsidiaries which have been pledged with banks as security.

Net cash flow from/(used in) operating activities

Our net cash flow from operating activities reflects our cash receipts, derived from our revenue generating activities and cash payments to our suppliers, employees and for income taxes.

Our net cash flow used in operating activities increased to an outflow of S\$16.4 million in the six months ended June 30, 2011 from an inflow of S\$36.3 million in the six months ended June 30, 2010 mainly due to the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay in Singapore to CMT in July 2010.

Our net cash flow from operating activities decreased by 46.1% to S\$55.2 million in 2010 from S\$102.4 million in 2009, mainly due to the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia to CMMT and of Clarke Quay in Singapore to CMT in July 2010, compared to a full year's net operating cash flow generated from these four properties in 2009.

Our net cash flow from operating activities increased by 85.8% to S\$102.4 million in 2009 from S\$55.1 million in 2008 primarily due to the addition of a full year's net operating cash flow in 2009 generated from Sungei Wang Plaza (which we acquired in June 2008) compared to approximately six months' net operating cash flow from Sungei Wang Plaza in 2008.

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Net cash flow (used in)/from investing activities

Our net cash flow used in investing activities for the six months ended June 30, 2011 was S\$292.4 million. This was mainly attributable to: (i) an investment of S\$167.1 million in associates arising mainly from (A) our participation in the upsizing of CapitaMalls China Income Fund amounting to S\$121.4 million, and (B) additional investments in the equity fund raising of CMMT amounting to S\$26.8 million for the acquisition of Gurney Plaza Extension, in CRCT amounting to S\$15.2 million for the acquisition of CapitaMall Minzhongleyuan, Wuhan and India Development Fund amounting to S\$3.8 million for development expenditures, (ii) S\$247.3 million used for the acquisition of Luwan Site, (iii) S\$291.9 million used for additions to investment properties and properties under development, relating mainly to the acquisition of Queensbay Mall and development expenditures incurred for The Star Vista, CapitaMall Tianfu, Chengdu and Luwan Site, Shanghai, (iv) a partial payment in the amount of S\$77.6 million for Raffles City Changning in accordance with the terms of our sales and purchase agreement and additional investments amounting to S\$6.5 million in Raffles City China Fund in accordance with a capital call, (v) prepayment for CapitaMall Meilicheng, Chengdu for the development of the property in the amount of S\$17.1 million, (vi) a S\$33.5 million loan to our investee company Raffles City Changning for the development of the property, and (vii) loan to China Incubator Fund of \$98.1 million. These uses were partially offset by (i) a dividend received from Orchard Turn Holdings in the amount of S\$204.0 million and from the REITs in the amount of S\$61.7 million, (ii) interest payments received and the repayment of a shareholders' loan by Orchard Turn Holdings in a total amount of S\$318.7 million and by China Development Fund II in an amount of S\$183.3 million (both of which were offset by a loan to a jointly-controlled entity for a deposit for the Jurong site of \$144.1 million), and (iii) proceeds from our divestment of CMT units of S\$9.4 million.

Our net cash flow from investing activities in 2010 was S\$621.7 million. This was mainly attributable to (i) proceeds of S\$905.5 million from the disposal of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia and of Clarke Quay in Singapore and (ii) distributions of S\$99.0 million received from our investments in CMT and CRCT, as these REITs made distributions to their unitholders, including us. These cash inflows were partially offset by cash used for (i) short-term loans totalling S\$110.1 million mainly to Brilliant Mall Trust and Brilliant Residential 1, which we made to enable these entities to make deposits on certain land sites, (ii) the payment of deposits totalling S\$65.2 million for the acquisition of Luwan Site, and for Queensbay Mall and Gurney Plaza Extension in Malaysia, as well as prepayments of S\$18.6 million for CapitaMall Meilicheng, Chengdu in China, (iii) an increase in investments in The Star Vista in Singapore for pre-payments for construction and asset-enhancement work on various malls of S\$76.7 million, and (iv) S\$74.4 million towards the acquisition of the CapitaMall Tianfu, Chengdu.

Our net cash flow used in investing activities in 2009 was S\$636.7 million and was mainly attributable to (i) S\$438.7 million of investments in the India Development Fund and The Star Vista and in our subscription for our entitlements in the rights issue of CMT, (ii) investment of S\$190.1 million in the Raffles City China Fund, and (iii) short-term loans to China Development Fund II and Orchard Turn Holding for their use in making investments and aggregating to S\$207.0 million. These cash outflows were partially offset by proceeds from the disposal of The Link REIT of S\$140.6 million and distributions received from CMT, CRCT and The Link REIT of S\$95.6 million.

Our net cash flow used in investing activities in 2008 was S\$652.6 million. This was mainly attributable to (i) investments in the China Development Fund II, the China Incubator Fund, the Japan Fund, the India Development Fund and CRCT of S\$372.9 million, (ii) the acquisitions of Sungei Wang Plaza, The Mines and additional land which was previously under temporary occupation license by Clarke Quay amounting to S\$250.3 million, (iii) payments for asset enhancement work on malls in China of S\$12.3 million, (iv) an investment in The Star Vista of S\$25.0 million for construction costs, and (v) the refund to China Development Fund II of the deposit of S\$137.7 million pledged on its behalf. These cash outflows were partially offset by distributions received from our investments in CMT and CRCT of S\$71.5 million, and proceeds from the partial disposal of The Link REIT units for S\$60.5 million.

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Cash flow from financing activities

Our net cash flow from financing activities for the six months ended June 30, 2011 amounted to S\$188.8 million and was largely attributable to the issuance of retail bonds of S\$200.0 million and senior bonds of S\$83.5 million, for the purpose of financing new investments. This cash flow was partially offset by payment of a dividend to shareholders amounting to S\$77.7 million, payments of interest expenses totalling S\$14.0 million and partial repayments of bank loans in China totalling S\$5.4 million.

Our net cash flow from financing activities in 2010 was S\$99.9 million and was largely attributable to (i) bank borrowings of S\$250.0 million, and (ii) the issuance of Euro-Medium Term Notes (EMTN) of S\$350.0 million. These were partially offset by (i) the repayment of bank borrowings of S\$344.8 million and the redemption of S\$64.4 million of bonds issued under asset-backed securitization structures which held interests in Sungei Wang Plaza and The Mines, in view of the monetisation of Gurney Plaza, The Mines and Sungei Wang Plaza in Malaysia, (ii) the repayment of bank borrowings of S\$11.4 million from five majority-owned malls in China, (iii) interest payments of S\$21.7 million with respect to bank borrowings and our EMTN, and (iv) dividend payments of S\$38.8 million.

Our net cash flow from financing activities in 2009 was S\$940.6 million and was largely attributable to (i) loans of S\$846.5 million from CapitaLand, and (ii) bank borrowings of S\$391.6 million. These were partially offset by cash used for (i) the redemption of S\$103.8 million of senior bonds issued under an asset-backed securitization structure which held interests in Sungei Wang Plaza, (ii) interest payments of S\$115.3 million to CapitaLand and for our bank borrowings, and (iii) the repayment of loans to non-controlling interests of S\$72.1 million.

Our cash flow from financing activities in 2008 was S\$613.4 million and was largely attributable to (i) short-term borrowings from CapitaLand of S\$562.4 million, (ii) release of a S\$103.1 million deposit pledged in 2007 to enable one of our subsidiaries to secure a credit facility in China, (iii) the repayment of an advance from a minority shareholder of certain subsidiaries of S\$38.3 million, (iv) bank borrowings of S\$38.7 million, and (v) proceeds of S\$103.4 million from an issue of asset-backed securities with respect to Sungei Wang Plaza. These were partially offset by (i) interest payments of S\$174.9 million with respect to loans from CapitaLand and bank borrowings, and (ii) dividend payments of S\$59.0 million to CapitaLand.

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Borrowings

Our total indebtedness as of June 30, 2011 was approximately S\$972.1 million, consisting of S\$341.7 million in bank loans and S\$630.4 million in debt securities; and our total indebtedness as of July 31, 2011 was approximately S\$972.0 million, consisting of S\$342.0 million in bank loans and S\$630.0 million in debt securities. These loans and issue proceeds were used to fund our subsidiaries, associates and jointly-controlled entities. The tables below set forth certain information about our bank borrowings.

As of June 30, 2011									
Loan Amount			Maturity				Utilized	Unutilized	
Fixed	Floating	Total	Interest Rate (per annum)	Within 1 Year	After 1 Year but within 2 Years	Beyond 2 Years	S\$	S\$	
S\$	S\$	S\$		S\$	S\$	S\$	S\$	S\$	
(in thousands)									
Bank borrowings . .	149,797	191,924	341,721	1.39% to 6.80%	162,644	112,391	66,686	341,721	1,113,283

As of July 31, 2011									
Loan Amount			Maturity				Utilized	Unutilized	
Fixed	Floating	Total	Interest Rate (per annum)	Within 1 Year	After 1 Year but within 2 Years	Beyond 2 Years	S\$	S\$	
S\$	S\$	S\$		S\$	S\$	S\$	S\$	S\$	
(in thousands)									
Bank borrowings . .	149,831	192,146	341,977	1.36% to 7.05%	162,701	112,470	66,806	341,977	1,113,395

In April 2010, our wholly-owned subsidiary, CapitaMalls Asia Treasury Limited, established a S\$2.0 billion Euro Medium Term Note (EMTN) programme guaranteed by our Company under which S\$350.0 million 3.95% fixed rate notes due 2017 were issued in August 2010. Under an EMTN programme, notes can be issued in any currency to investors outside the United States and Canada (unlike under a global MTN programme, where notes can also be issued to investors in the United States and Canada). We also issued S\$75.0 million 1% 1-year and S\$125.0 million 2.15% 3-year retail bonds with an aggregate notional amount of S\$200.0 million to retail investors in January 2011. The notes and bonds issued to date are denominated in Singapore dollars. However in the future, if and when we intend to issue Euro-denominated notes or bonds under the EMTN programme in any foreign currency, we will take appropriate measures, including but not limited to hedging arrangements, to manage exposure to foreign currency exchange risk, taking into account prevailing market conditions.

As of June 30, 2011, we had credit facilities of S\$2,085.4 million to support our capital requirements of which S\$972.1 million were utilized and S\$1,113.3 million were unutilized. As of July 31, 2011, being the indebtedness date, we had credit facilities of S\$2,085.4 million to support our capital requirements of which S\$972.0 million were utilized and S\$1,113.4 million were unutilized. In addition, we had cash and cash equivalents of S\$1,191.6 million as of June 30, 2011 and S\$1,106.0 million as of July 31, 2011. These resources can be used towards our working capital requirements, and to facilitate an expeditious response to potential investment opportunities.

FINANCIAL INFORMATION

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as of December 31, 2008, 2009 and 2010 and as of June 30, 2011 and July 31, 2011. The information in this table should be read in conjunction with the sections titled “Future Plans and Reasons for the Listing” and “Summary Financial Data,” and our consolidated historical financial statements and the notes thereto included elsewhere in this listing document.

	As of December 31,				As of June 30,	As of July 31,	
	2008	2009	2010	2010	2011	2011	2011 ⁽⁵⁾
	S\$	S\$	S\$	US\$	S\$	S\$	US\$
	(in thousands, except ratio)						
Secured borrowings	231,147	502,893	102,475	74,799	174,305	174,127	138,416
Unsecured borrowings ⁽¹⁾ . . .	2,771,920	–	597,477	436,115	797,814	797,922	634,278
Total loans and borrowings . .	3,003,067	502,893	699,952	510,914	972,119	972,049	772,694
Total equity ⁽²⁾	1,585,001	5,393,454	5,888,230	4,297,978	6,103,583	6,044,262	4,804,660
Total capitalization and indebtedness	4,588,068	5,896,347	6,588,182	4,808,892	7,075,702	7,016,312	5,577,354
Net debt ⁽³⁾	2,865,007	– ⁽⁴⁾	– ⁽⁴⁾	– ⁽⁴⁾	– ⁽⁴⁾	–	–
Net debt to total equity ratio ⁽³⁾	1.81	– ⁽⁴⁾	– ⁽⁴⁾	– ⁽⁴⁾	– ⁽⁴⁾	–	–

Notes:

- (1) Comprises borrowings from CapitaLand Group, bank borrowings and notes issued under our EMTN programme.
- (2) Includes non-controlling interests in subsidiaries of the Group and announced interim dividend of S\$58.3 million declared on July 20, 2011.
- (3) Net debt is derived by taking total borrowings less cash and cash equivalents. Net debt to total equity ratio is derived from taking net debt as a ratio over total equity. Both net debt and net debt to total equity ratio are not standard measures under SFRS. Net debt and net debt to total equity ratio are used as indicators of a company’s liquidity position, and a measure of solvency. In evaluating the liquidity position of our Company, we believe that it would be a useful supplement for investors to consider, among other things, the net debt position and the net debt to total equity ratio, which would indicate how much the company is leveraged (in debt), net of the cash and cash equivalents. The net debt and the net debt to total equity ratio presented in this listing document may not be comparable to similarly titled measures presented by other companies. You should not compare our net debt and net debt to total equity ratio to net debt and net debt to total equity presented by other companies because not all companies use the same definitions.
- (4) Net cash position. In 2010, total loans and borrowings amounted to S\$700.0 million, while cash and cash equivalents amounted to S\$1,318.3 million. In 2009, total loans and borrowings amounted to S\$502.9 million, while cash and cash equivalents amounted to S\$543.1 million.
- (5) Converted at the rate of US\$1.00 = S\$1.258, the average rate for July 2011.

Our total indebtedness as of July 31, 2011, being the indebtedness date, was approximately S\$972.0 million, consisting of S\$342.0 million in bank loans and S\$630.0 million in debt securities. Other than described above, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Except as described above, our Directors confirm that there has been no material change in our contingent liabilities, capitalization and indebtedness since the indebtedness date. See “Financial Information – Liquidity and Capital Resources – Borrowings” for a description of our borrowings.

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HISTORICAL CAPITAL AND DEVELOPMENT EXPENDITURE

Our capital expenditure was S\$314.6 million in 2008, S\$93.4 million in 2009, S\$95.1 million in 2010 and S\$301.5 million for the six months ended June 30, 2011.

In 2008, 2009, 2010 and for the six-month period ended June 30, 2011, our capital expenditure was primarily incurred for the development of property and asset enhancement activities.

From July 1, 2011 to the Latest Practicable Date, we incurred capital expenditures of S\$35.8 million, which we used for ordinary-course asset enhancements and property development.

Capital and development expenditure, including the purchase of land/investment properties, contracted but not provided for in the financial statements as at December 31, 2008, 2009, 2010 and as at June 30, 2011 was S\$284.2 million, S\$198.6 million, S\$810.9 million and S\$293.7 million, respectively.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our capital commitments, operating lease payments and contractual payments on borrowings as of June 30, 2011.

	Payments Due by Period			Total
	Within one year	After one year but within five years	After five years	
	S\$			
	(in millions)			
Capital commitment of existing development projects ⁽¹⁾	216.1	77.6	–	293.7
Capital commitment of uncalled capital and shareholders' loans ⁽²⁾	749.4	212.0	–	961.4
Operating lease payments	8.4	15.4	–	23.8
Contractual payments on borrowings	266.6	447.4	395.9	1,109.9
Total	1,240.5	752.4	395.9	2,388.8

Notes:

- (1) Includes future development costs, capital expenditure and asset enhancement activities of our subsidiaries.
- (2) Includes future projected uncalled equity injection in our private real estate funds and shareholders' loan to investee company.

We plan to fund the above contractual commitments from internal cash generated from our operations as well as external funding.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

In 2008 and 2009, the Company provided guarantees amounting to S\$62.1 million and S\$60.8 million, respectively, to Malaysian Trustees Berhad, the trustee for the holders of the senior class notes issued by a subsidiary, Vast Winners Sdn Bhd (which holds interests in Sungei Wang Plaza), pursuant to which the Company would purchase all outstanding senior class notes in the event that the subsidiary failed to pay any amount under such notes when they were due and payable. The senior class notes were redeemed in 2010 and the guarantees are no longer in effect.

Except as described above, we do not have any off-balance sheet arrangements.

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SEASONALITY

We generally do not experience material seasonality in our business.

CHANGES IN ACCOUNTING POLICIES

We have not made any significant changes in our accounting policies during the three years ended December 31, 2010 and the six months period ended June 30, 2011, other than as disclosed in this listing document. See “– Critical Accounting Policies” and note 1(e) of “Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants’ Report Thereon”.

MARKET RISK

Financial risk management

We are exposed to market risk, credit risk and liquidity risk arising from our diversified portfolio of properties. Our risk management approach seeks to minimize the potential material adverse effects from these exposures. We have implemented risk management policies and guidelines that set out our tolerance for risk and our general risk management philosophy. In connection with this, we have established a framework and process to monitor the exposures so as to implement appropriate measures in a timely and effective manner.

Interest rate risk

Our exposure to market risk for changes in interest rates relates mainly to our financial liabilities and interest-bearing balances with immediate holding companies, related corporations and our non-controlling interests.

We manage our interest rate exposure by maintaining a prudent and balanced mix of fixed and floating rate borrowings. We actively review our debt portfolio, taking into account the investment holding period and nature of our assets. This strategy allows us to capitalize on less expensive funding in a low interest rate environment and achieve certain level of protection against rate increases.

We plan to, where possible, structure our indebtedness such that about 65.0% accrues fixed rates of interest, and about 35.0% accrues floating rates of interest, subject to prevailing market conditions. We believe that this proportion of floating rate of indebtedness is appropriate for us, taking into account that floating interest rates generally move according to inflation levels, the percentage of our leases that we expect to expire every year that will be renewed or new leases secured at prevailing market prices, and that a component of our rental income may comprise a percentage of tenants’ turnover which we expect to generally match inflationary or deflationary pressures.

Sensitivity analysis

For variable rate financial liabilities, we estimate that an increase of 100 basis points in interest rates at the reporting date would lead to a reduction in our profit before tax (and accumulated profits) by approximately S\$1.9 million in the first six months of 2011, S\$2.0 million in 2010, S\$4.4 million in 2009, and S\$25.6 million in 2008. A decrease in 100 basis points in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalization, the associated tax effects and share of non-controlling interests.

Foreign currency risk

Our reporting currency is the Singapore dollar. In 2010, approximately 23.7%, 20.2%, 1.9% and 2.2% of our revenue was denominated in Chinese Renminbi, Malaysian Ringgit, Japanese Yen and US dollars,

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respectively. In 2009, approximately 26.8%, 34.4%, 0.9% and 0.3% of our revenue was denominated in Chinese Renminbi, Malaysian Ringgit, Japanese Yen and US dollars, respectively. In 2008, approximately 31.0%, 28.7% and 0.3% of our revenue was denominated in Chinese Renminbi, Malaysian Ringgit and Japanese Yen, respectively. Fluctuations in exchange rates, particularly among the US dollar, Chinese Renminbi and Singapore dollar, also affect our gross and net profit margins and could result in fluctuations in foreign exchange and operating gains and losses.

Our financial condition and results of operations are exposed to transaction and translation risks relating to foreign currency exchange rates. We operate internationally and are exposed to various currencies, such as the Chinese Renminbi, Malaysian Ringgit, Japanese Yen and US dollar (as we borrow in US dollars to fund our investments in China).

We maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from our investments.

We aim to keep foreign exchange exposures in transactional currencies, other than functional currencies of our operating entities, at an acceptable level. In relation to our overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are captured under our foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Our net foreign exchange gain/(loss) is set forth below for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2008	2009	2010	2010	2011
	S\$				
	(in millions, except percentages)				
Net foreign exchange gain/(loss)	12.1	(12.7)	3.9	10.8	(2.5)
Percentage of profit/(loss) before income tax (%)	8.2	(4.3)	0.7	6.7	(1.0)

We had a foreign exchange gain/(loss) of S\$12.1 million, (S\$12.7 million), S\$3.9 million, S\$10.8 million and (S\$2.5 million) in 2008, 2009, 2010 and six months ended June 30, 2010 and 2011, respectively. The foreign exchange gain in 2010 was mainly due to appreciation of MYR against SGD in relation to the loan receivables denominated in MYR. The foreign exchange loss in 2009 was mainly due to depreciation of HKD against SGD in relation to the proceeds from the sale of The Link REIT units in Hong Kong as well as the depreciation of MYR against SGD in relation to the loan receivables denominated in MYR. The foreign exchange gain in 2008 was primarily due to the strengthening of the Singapore dollar against the US dollar (in which some of our loans were denominated). We had a foreign exchange loss of S\$2.5 million in the six months ended June 30, 2011 primarily due to the depreciation of MYR against SGD in relation to surplus funds denominated in MYR. As of June 30, 2011, we have not entered into any currency forwards, futures, options, swaps or other derivative instructions except as disclosed in Notes 18 and 32 of the Accountants' Report contained in Appendix I to this listing document. See "– Factors Affecting Our Business, Financial Condition, Results of Operations and Prospects – Foreign currency and interest rate fluctuations" for a further discussion of the impact of foreign exchange fluctuations on our business and our strategy to minimize our exposure to foreign exchange fluctuations.

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Sensitivity analysis

A 5.0% strengthening of the respective functional currencies of subsidiaries against the following currencies at the relevant reporting date would increase (decrease) equity and profit or loss by the amounts shown below.

	Equity				Profit or Loss			
				Six Months Ended				Six Months Ended
	Year Ended December 31,			June 30,	Year Ended December 31,			June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	S\$ (in thousands)							
Currency								
Singapore dollar ⁽¹⁾	-	-	-	-	149	1,734	(2,257)	1,716
US dollar ⁽²⁾	32,282	-	-	-	8,118	(8,095)	(86)	(1,452)
Chinese Renminbi ⁽³⁾	-	-	-	-	(1,547)	(1,789)	(1,882)	(1,854)
Hong Kong dollar ⁽³⁾	(1,051)	-	-	-	(978)	1	1	2
Japanese Yen ⁽³⁾	8,312	-	-	-	(19)	-	1	-
Malaysian Ringgit ⁽³⁾	-	-	-	-	(16,987)	(7,818)	(10,758)	(1,196)

Notes:

- (1) As compared to functional currencies of US dollar, Chinese Renminbi and Malaysian Ringgit.
- (2) As compared to functional currencies of Chinese Renminbi and Singapore dollar.
- (3) As compared to functional currency of Singapore dollar.

A 5.0% weakening of the respective functional currencies of subsidiaries against the above foreign currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis all other variables remain constant. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

Credit risk

Our exposure to credit risk is the risk of financial loss to us if our customer or our counterparty fails to meet its contractual obligations. For trade receivables, in addition to our guidelines governing the process of granting credit we obtain security deposits and bank guarantees from our tenants. Trade and other receivables are mainly due from tenants at our malls as well as amount due from associates and related corporations. We restrict investments and financial transactions to counterparties that meet our credit criteria and are of high credit standing.

We are also exposed to credit risk with respect to the cash balances we hold in banks although we have taken steps to reduce this exposure by increasing the number of banks with which such balances are held. As of June 30, 2011, our cash and cash equivalents of S\$1,191.6 million was held with different banks, all of which are regional banks or local branches of international banks.

We believe that we are not significantly exposed to credit risk with respect to sales of our properties as properties we develop are not primarily intended for sale but for us to own and operate. In cases where we divest a property, this may be made to one of our affiliates in which case we deem the credit risk to be lower. We do not enter into sales without investigating the purchaser's financial history.

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DIVIDENDS

Past Dividends

In 2008, we declared and paid dividends to CapitaLand, our sole shareholder in that year, of S\$59.0 million (US\$43.1 million) or S\$0.11 (US\$0.08) per share. For 2009, after the Company's initial public offering, we paid dividends of S\$38.8 million (US\$28.3 million) or S\$0.01 (US\$0.01) per share. For 2010, we paid a dividend of S\$0.02 (US\$0.01) per share, or about S\$77.7 million (US\$56.7 million).

On July 21, 2011, our Company declared an interim dividend of S\$0.015 per share for the period ended June 30, 2011. We paid this cash dividend of S\$58.3 million (US\$46.2 million) on September 16, 2011.

Dividend Policy

Our Company is in a growth phase, with interests in a strong pipeline of 26 properties under various stages of development and a focus on continuously growing our portfolio of properties. As such, our Board of Directors believes that the majority of our profits over the next few years will be reinvested in our business and, therefore, we may not pay a substantial dividend or any dividend at all in that time, and the level of dividends we pay may not be comparable to that of other companies or entities, for example of REITs. See "Risk Factors – Risks Relating to Ownership of the Shares – We may not be able to pay dividends." Notwithstanding the above, we also believe in the importance of paying a regular and sustainable dividend over time. The amount of dividend that we may declare and pay will depend on the rate of completion and operation of our pipeline of shopping malls, the absolute amount of stable rental income achieved by our shopping malls over time, and opportunities for divestments of and investments in, retail real estate assets.

All dividends we declare must be approved by an ordinary resolution of our shareholders at a general meeting, except that our Board of Directors may declare interim dividends without the approval of our shareholders. We are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. In addition, our Company is a holding company and we depend upon the receipt of dividends and other distributions from our subsidiaries, associates and jointly-controlled entities to pay the dividends on the Shares. See "Risk Factors – Risks Relating to Ownership of the Shares – We may not be able to pay dividends."

When making recommendations on the timing, amount and form of future dividends, if any, our Company's Board of Directors will consider, among other things:

- our results of operations and cash flow;
- our expected financial performance and working capital needs;
- our future prospects;
- our capital expenditure and other investment plans;
- other investment and growth plans; and
- the general economic and business conditions and other factors deemed relevant by our Board of Directors and statutory restrictions on the payment of dividends.

Payment of cash dividends and distributions, if any, for the Shares listed on the HKEx will be made in Hong Kong dollars. Payment of cash dividends and distributions, if any, for shares listed on the SGX-ST will be made in Singapore dollars.

DISTRIBUTABLE RESERVES

The Company had total reserves available for distribution to shareholders of our Company of S\$147.1 million as at June 30, 2011.

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RECENT ACCOUNTING PRONOUNCEMENTS

There were no recent pronouncements which we expect will have a material impact on the Group's results of operations or financial condition.

ORDER BOOK

Due to the nature of our business, we do not maintain an order book. See "Business."

DISCLOSURE UNDER RULE 13.19(2) OF THE HKEX LISTING RULES

We are required to publish quarterly reports containing the unaudited financial statements on the SGX-ST in accordance with the SGX Listing Manual. Our Directors confirm that, in order to comply with Rule 13.19(2) of the HKEx Listing Rules, we will publish the full text of our quarterly reports in Hong Kong at the same time when such reports are published in Singapore.

Currently, our Directors do not have any intention to change our existing auditors after the Company is listed on the HKEx.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE HKEX LISTING RULES

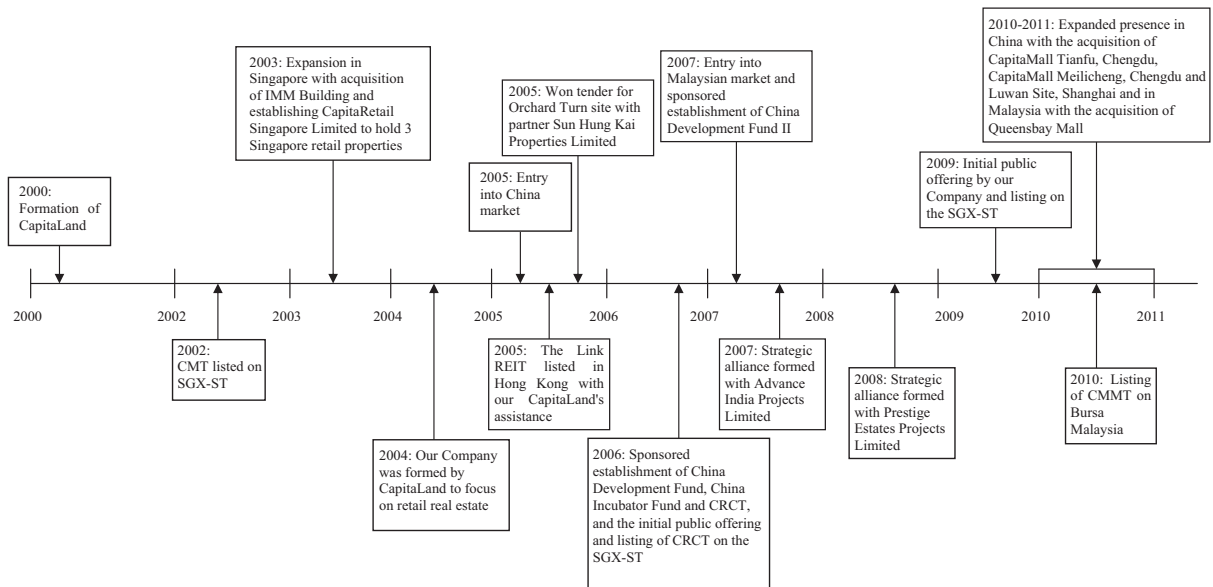
Except as otherwise disclosed in this listing document, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the HKEx Listing Rules.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, our Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of our Company since June 30, 2011, the date of the latest audited financial statements of our Company.

OUR HISTORY

The following diagram shows the key developments in the history of our Company.



We are the integrated shopping mall business unit of CapitaLand, which was formed in 2000 with the merger of DBS Land Limited and Pidemco Land Limited. Prior to the merger, DBS Land Limited was a leading property company in Singapore listed on the main board of the SGX-ST with significant operations spanning 11 countries in the Asia Pacific and Europe, while Pidemco Land Limited was one of the largest property groups in Singapore with significant presence overseas with investments in 24 cities in 12 countries including key gateway cities in the Asia-Pacific region and in the United Kingdom. DBS Land Limited was controlled by Pidemco Land Limited, a wholly-owned subsidiary of Singapore Technologies Pte Ltd, a multinational corporation headquartered in Singapore and wholly owned by Temasek Holdings (Private) Limited.

In 2000, our retail business was undertaken by CapitaLand Commercial Limited, which had interests in only three retail properties, namely Plaza Singapura, Clarke Quay and Tampines Mall.

In 2002, we listed CMT, the first REIT to be listed on the SGX-ST, with an initial portfolio comprising Tampines Mall, Junction 8 and Funan DigitalLife Mall.

In 2003, we continued to extend our presence in Singapore through the acquisition of IMM Building by CMT and the creation of CapitaRetail Singapore Limited, a private retail real estate fund to own Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall.

Our Company was formed in 2004 to give greater focus to the growing retail real estate business of CapitaLand in Singapore and overseas. In the same year, we sponsored the establishment of the Japan Fund with La Park Mizue as its seed investment. La Park Mizue is a 5-storey retail building with two basement floors, located in the Mizue area of Tokyo's Edogawa Ward, next to the Mizue station of the Shinjuku-Toei subway line. It is also the largest shopping mall in the Mizue suburb. At the end of 2004 and the beginning of 2005, we marked our entrance into China by entering into a co-operative agreement with each of Shenzhen International Trust & Investment Co., Ltd ("SZITIC") and Beijing Hualian Group Investment Holding Co., Ltd ("BHG Group") to acquire shopping malls jointly in various parts of China. SZITIC and BHG Group were two of our key strategic partners in the PRC. SZITIC is a trust and investment firm based in the PRC, while BHG Group is a retail enterprise primarily focused on hypermarkets, supermarkets and commercial properties with a strong and growing retail network in the PRC.

OUR HISTORY

In 2004, our parent company CapitaLand, established a strategic partnership with the manager of The Link REIT, The Link Management Limited, whereby we provided initial public offering consultancy services, management advisory services on funds, portfolio, asset and property management to it. The Link REIT was subsequently listed on the HKEx on November 25, 2005. As The Link Management Limited had developed after the listing of The Link REIT and possessed the expertise, experience and ability to manage and operate The Link REIT, the strategic partnership concluded on August 26, 2009.

In 2005, together with our partner Sun Hung Kai Properties Limited, a Hong Kong-based property developer, we won a tender for the Orchard Turn site, a prime plot along Orchard Road in Singapore, to develop a luxury retail and residential project.

In 2006, we sponsored the establishment of two private real estate funds, namely the China Income Fund (which, at the time, was named and formed as the CapitaRetail China Development Fund) and the China Incubator Fund, to invest in retail property developments and retail properties in China with the potential to generate stable income after repositioning, asset enhancement and active leasing. In the same year, we sponsored the establishment of CRCT with an initial portfolio of seven retail properties in China. CRCT was listed on the SGX-ST in December 2006.

2007 marked our entrance into Malaysia with the acquisition of interests in Gurney Plaza and The Mines. During the same year, we sponsored the establishment of the China Development Fund II to invest primarily in retail property developments in various parts of China, and also the establishment of our first India-focused private real estate fund, the India Development Fund, to invest in Indian retail property developments. In 2007 and in 2008, we entered into separate framework agreements with India-based property developers, Advance India Projects Limited and Prestige Estates Projects Limited (formerly known as Prestige Estates Projects Private Limited) respectively, to invest in and manage retail properties in India.

In 2009, we launched the initial public offering of our Company in order to facilitate access to the capital markets, accelerate growth and strengthen our balance sheet, and we were listed on the main board of the SGX-ST on November 25, 2009. In the following year, our Company became a component of the Straits Times Index, a market value-weighted stock market index based on the stocks of 30 representative companies listed on the SGX-ST.

The following major corporate actions were completed prior to our listing on the SGX-ST: (i) a corporate reorganization (“Corporate Reorganization”) to rationalize and streamline our business structure within the CapitaLand group of companies and to position our Group as an integrated shopping mall business; (ii) a capitalization exercise by CapitaLand (“Capitalization”); and (iii) an asset swap and divestment of certain assets in China (“Asset Swap and Divestment”).

In the Corporate Reorganization, our subsidiaries acquired from the CapitaLand Group (i) the entire issued share capital of each of the RECM Trustees and Managers and REIT Managers, (ii) a 15.00% interest in Raffles City China Fund and the rights and obligations to subscribe for a further 15.00% of the outstanding undrawn committed capital, and (iii) the entire issued share capital of Victoria City Pte Ltd, an investment holding company which held interests in certain companies which had since been liquidated. We also sold to the CapitaLand Group the entire share capital of TRM Private Limited, which at the relevant time was the registered proprietor of a residential unit in The Orchard Residences in Singapore.

OUR HISTORY

In the Capitalization, our Company received an equity injection of approximately S\$3.6 billion from CapitaLand, in consideration of which we issued and allotted an aggregate of 2,884,000,000 Shares to CapitaLand for the purposes of repayment of certain loans owing to CapitaLand amounting to S\$0.4 billion and the purchase of certain debt owing by our Group to a subsidiary of CapitaLand amounting to S\$3.2 billion.

In the Asset Swap and Divestment, we, in our role as the fund manager of the China Income Fund (which was at that time a development fund and was known as CapitaRetail China Development Fund and has since been converted into and renamed CapitaMalls China Income Fund on May 25, 2011) and China Development Fund II (collectively the “China Funds”), carried out an asset swap of certain retail properties and divestment of certain land parcels in respect of the 33 Wal-Mart-anchored retail properties in China with SZITIC Commercial Property Co., Ltd (“SCP”), then our partner in these properties. The Asset Swap and Divestment was completed in 2010 after our listing on the SGX-ST, and as a result we, through our interests in the China Funds and as the fund manager and mall manager of the China Funds, attained full control of 22 of the 33 properties and divested our stake in the remaining 11 properties. See “– Asset Swap and Divestment” for more details.

In 2009, we also acquired CapitaRetail (Beijing) Investment Consulting Co., Ltd. (“CapitaRetail Beijing Consultancy”), a management consultancy company provides advisory, administrative services and fund management services to malls in the PRC. The RECM Trustees and Managers, REIT Managers and CapitaRetail Beijing Consultancy were acquired from CapitaLand RECM Pte. Ltd., at an aggregate consideration of S\$95.75 million, having their respective consideration arrived at based on their respective net asset values and outstanding shareholders’ loans. Victoria City Pte Ltd was acquired from CapitaLand Commercial Limited at a consideration of S\$4.40 million, having arrived at based on its net asset value and outstanding shareholder’s loans.

In 2010, we completed the acquisition of CapitaMall Tianfu, Chengdu, China. The interest was acquired via our acquisition of Growing State Holdings Limited and Chengdu Huayun Jiangnan Real Estate Development Co., Ltd., from China Development Fund II. Growing State Holdings Limited is the sole shareholder and owns the entire equity interest of Chengdu Huayun Jiangnan Real Estate Development Co., Ltd.. The acquisition of the two companies were made at a consideration of approximately S\$113.92 million, arrived at on a willing-buyer willing-seller basis and having taken into account their net tangible assets and shareholder’s loan from China Development Fund II.

We also acquired the entire equity interests in CapitaRetail China Development D18 (HK) Limited (“CapitaRetail D18”) from China Development Fund II at a consideration of S\$0.04 million, for the purpose of holding CapitaMall Meilicheng, Chengdu indirectly. The acquisition price was arrived at on a willing-buyer willing-seller basis and having taken into account its net tangible assets. After completion of the acquisition, our Company, through Rongyue Chengdu Real Estate Co., Ltd., a wholly-owned subsidiary of CapitaRetail D18, entered into an agreement with Chengdu Vanke Property Co., Ltd to acquire CapitaMall Meilicheng, which is being developed in Chengdu. In the same year, we also acquired through our joint venture vehicle with CapitaLand the Bedok Site in Singapore, and launched CMMT, a REIT listed on the main market of Bursa Malaysia Securities Berhad.

OUR HISTORY

Earlier this year in 2011, we completed the acquisitions of the 66.00% effective interest in Luwan Site, Shanghai, China and Queensbay Mall in Penang, Malaysia. The interest in Luwan Site, Shanghai was indirectly acquired via our acquisition of 68.75% equity interests in Abbey Road Limited, a company incorporated in the Cayman Islands which indirectly held 96.00% interest in Luwan Site, Shanghai. We acquired the 68.75% equity interests in Abbey Road Limited from Beatles Holding Limited, an unrelated third party, at a consideration of S\$285.5 million, which was arrived at on a willing-buyer willing-seller basis, having taken into account the valuation of the Luwan Site, Shanghai, among other factors. The Queensbay Mall was acquired through our subsidiaries and an asset-back securitization structure at a consideration of S\$273.9 million. Our associate CRCT also acquired CapitaMall Minzhongleyuan, Wuhan from Capitaland.

As of June 30, 2011, we have expanded our portfolio of interests to, and manage a total of, 95 retail properties (of which 70 are completed shopping malls and 25 are in various stages of development) spread across 50 cities in five countries in Asia. In China, we own interests in and manage 54 retail properties (of which 14 properties are in various stages of development) located in 34 cities, with a total GFA of approximately 49.6 million square feet as of June 30, 2011.

ASSET SWAP AND DIVESTMENT

As part of the Asset Swap and Divestment, the China Funds swapped their 65.00% equity stake in four retail properties and their 50.00% interest in the Xiangmihu Mall for SCP's 35.00% equity stake in 16 retail properties and SCP's 49.00% stake in six retail properties, as a result of which the China Funds owned a 100.00% equity stake in 16 retail properties (in which they had previously held 65.00% interests) and a 49.00% equity stake in six retail properties (in which they had previously held no interest), with CRCT or us holding the other 51.00% in these six retail properties.

The China Funds and SCP also divested their respective stakes of 65.00% and 35.00% respectively, in six project companies which owned land parcels in China, originally acquired to develop Wal-Mart-anchored retail properties, to third parties. These six project companies had not commenced substantial work in the development of the six retail properties when they were divested.

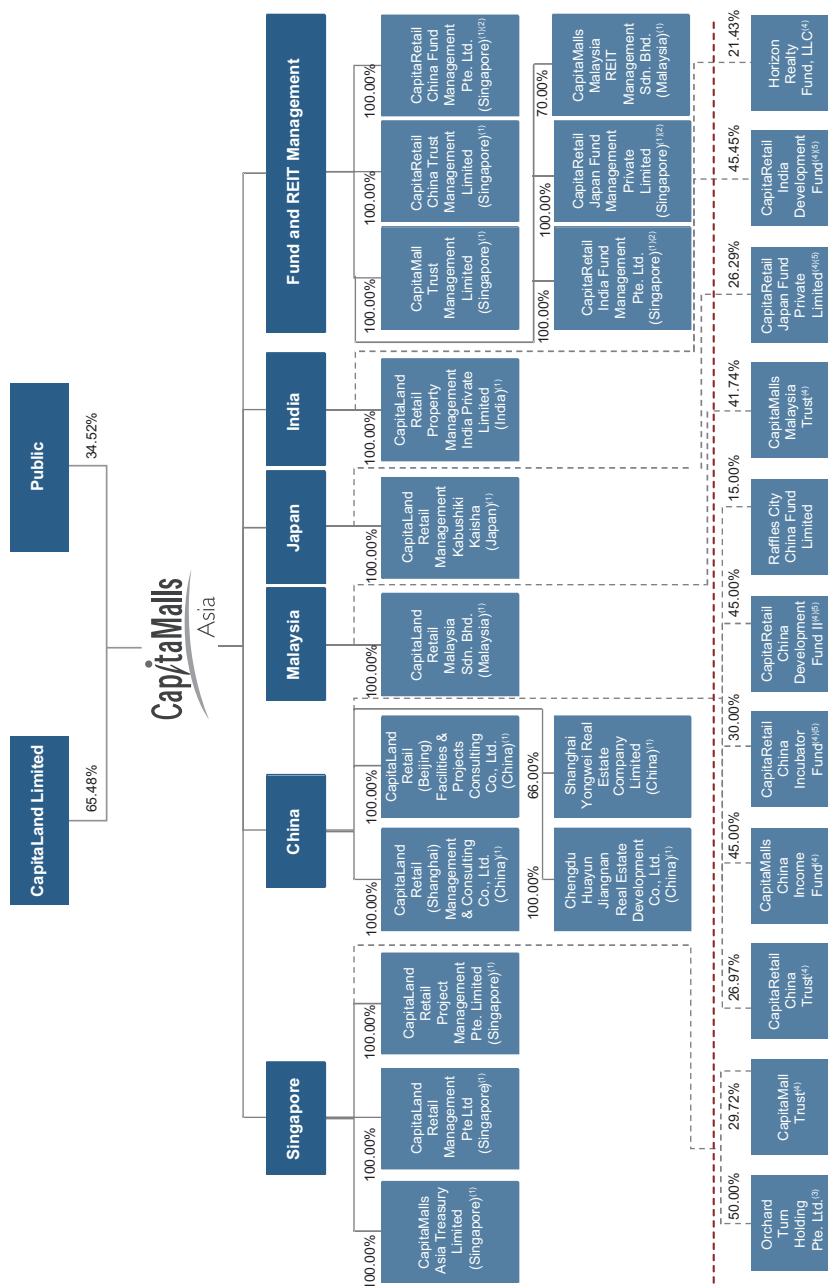
OUR HISTORY

The following table sets out the resulting equity stakes in the retail properties as a result of the Asset Swap and Divestment:

Retail Property	City	Effective Stake Held by the China Funds Immediately Before the Asset Swap and Divestment	Effective Stake Held by the China Funds Immediately After the Asset Swap and Divestment
Asset Swap:			
CapitaMall Weifang	Weifang	65.00%	100.00%
CapitaMall Chengnanyuan, Nanchang . .	Nanchang	65.00%	100.00%
CapitaMall Jinniu, Chengdu	Chengdu	65.00%	100.00%
CapitaMall Quanzhou	Quanzhou	65.00%	100.00%
CapitaMall Fucheng, Mianyang	Mianyang	65.00%	100.00%
CapitaMall Zibo	Zibo	65.00%	100.00%
CapitaMall Zhanjiang	Zhanjiang	65.00%	100.00%
CapitaMall Yangzhou	Yangzhou	65.00%	100.00%
CapitaMall Dongguan	Dongguan	65.00%	100.00%
CapitaMall Taohualun, Yiyang	Yiyang	65.00%	100.00%
CapitaMall Zhaoqing	Zhaoqing	65.00%	100.00%
CapitaMall Nan'an, Yibin	Yibin	65.00%	100.00%
CapitaMall Deyang	Deyang	65.00%	100.00%
CapitaMall Jiulongpo, Chongqing	Chongqing	–	49.00%
CapitaMall Yuhuating, Changsha	Changsha	–	49.00%
CapitaMall Maoming	Maoming	–	49.00%
CapitaMall Guicheng, Foshan	Foshan	–	49.00%
CapitaMall Zhangzhou	Zhangzhou	–	49.00%
CapitaMall Wuhu	Wuhu	–	49.00%
CapitaMall Kunshan	Kunshan	65.00%	100.00%
CapitaMall Beiguan, Anyang	Anyang	65.00%	100.00%
CapitaMall Hongqi, Xinxiang	Xinxiang	65.00%	100.00%
Xiangmihu Mall	Shenzhen	50.00%	–
Chancheng Mall	Foshan	65.00%	–
Danshui Mall	Huizhou	65.00%	–
Daliang Mall	Foshan	65.00%	–
Maanshan Mall	Maanshan	65.00%	–
Divestment (land parcels):			
Jingdong Mall	Nanchang	65.00%	–
Zhuzhou Mall	Zhuzhou	65.00%	–
Hengyang Mall	Hengyang	65.00%	–
Laiwu Mall	Laiwu	65.00%	–
Taian Mall	Taian	65.00%	–
Jiangmen Mall	Jiangmen	65.00%	–

OUR CORPORATE STRUCTURE

We set out below a diagrammatic representation of our shareholders and the main property owning entities through which we directly or indirectly hold our properties and investments and through which we carry on our business as of June 30, 2011. The list of all our subsidiaries and certain associates and jointly-controlled entities is set out in Appendix I to this listing document.



Notes:

- (1) Subsidiaries of our Company.
- (2) Renamed on September 8, 2011. See “Summary – Recent Developments.”
- (3) Jointly-controlled entities of our Company.
- (4) Associates of our Company.
- (5) Renamed on September 9, 2011. See “Summary – Recent Developments.”

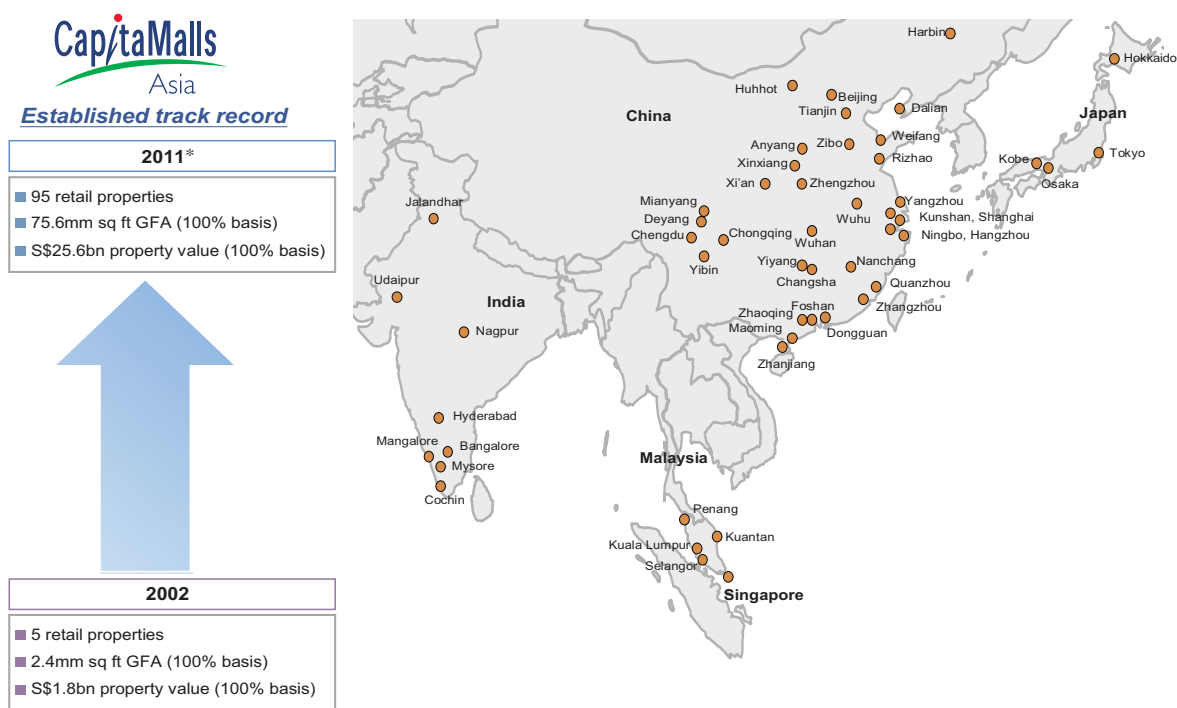
OVERVIEW

Who We Are: A Leading Integrated Shopping Mall Developer, Owner and Manager in Asia

We believe that we are one of the largest listed “pure-play” shopping mall developers, owners and managers in Asia by total property value of assets and by geographic reach (in terms of number of retail properties and cities).¹ We intend to ride the expected consumption growth in Asia to aggressively expand our portfolio of properties.

We have an integrated shopping mall business model encompassing retail real estate investment and development, mall operations, asset management and fund management capabilities. We have interests in and/or manage a pan-Asian portfolio of 95 retail properties (of which 70 are completed shopping malls and 25 are in various stages of development) across 50 cities in the five countries of Singapore, China, Malaysia, Japan and India, with a total property value of approximately S\$25.6 billion (US\$20.8 billion) and a total GFA of approximately 75.6 million square feet. Our effective interest in this portfolio is approximately S\$8.1 billion (US\$6.5 billion) in property value as of June 30, 2011. Our net asset value is approximately S\$5.9 billion (US\$4.7 billion) as of June 30, 2011. We were listed on the main board of the SGX-ST on November 25, 2009.

An established operator with pan-Asian footprint across 50 cities in 5 countries – Singapore, China, Malaysia, Japan and India



* As of June 30, 2011. 100% basis refers to the aggregate property values and GFA of the properties in the portfolio, where the property value and GFA of each of the properties is taken in its entirety regardless of the extent of our interest. Effective interest refers to the aggregate property values and GFA that are proportionate to our ownership interest in the properties.

¹ We base this belief on a comparison of listed real estate companies on various stock exchanges across Asia and on our assessment or estimate of these companies’ retail gross floor area, of their geographical presence and of the extent to which they act as developers as well as owners and managers of shopping malls.

BUSINESS

The table below shows the number of our properties (a) held through subsidiaries; (b) held jointly with joint venture partners; (c) held through associate entities; and (d) held through investee companies, and, for each of these categories, the total property value and GFA as of June 30, 2011:

	Number of Properties	Property Value (100% Basis) (S\$ millions)	Property Value (Effective Interest) (S\$ millions)	GFA (100% Basis) (sq.ft. millions)	GFA (Effective Interest) (sq.ft. millions)
Held through subsidiaries ⁽¹⁾	10	1,402.5	1,166.4	8.0	6.8
Held jointly with joint venture partners	3	3,148.5	1,598.5	2.9	1.5
Held through associate entities ⁽²⁾	76	17,117.8	4,771.0	52.0	16.5
Held through investee companies	6	3,953.9	545.5	12.8	1.9
Total	95	25,622.7	8,081.5	75.6	26.8

Notes:

- (1) Includes five shopping malls that are jointly held by us and China Income Fund.
- (2) Includes East Coast Mall in Malaysia. Completion of the acquisition of East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.

Our principal business strategy is to strengthen our market position as a leading developer, owner and manager of shopping malls in Asia. We aim to maintain a balanced real estate investment portfolio of predominantly income-producing shopping malls in the more developed Asian countries, such as Singapore, Malaysia and Japan, to provide income stability, while expanding our portfolio of operating shopping malls and other retail properties under development in China, and pursuing selective developments in Singapore, Malaysia, Japan and India.

Our parent company is CapitaLand, one of Asia's largest real estate companies. Headquartered and listed in Singapore, CapitaLand is a multi-local company with core businesses in real estate, hospitality and real estate financial services. CapitaLand's principal shareholder is Temasek Holdings (Private) Limited ("Temasek"). Temasek is wholly owned by the Minister for Finance, Singapore.

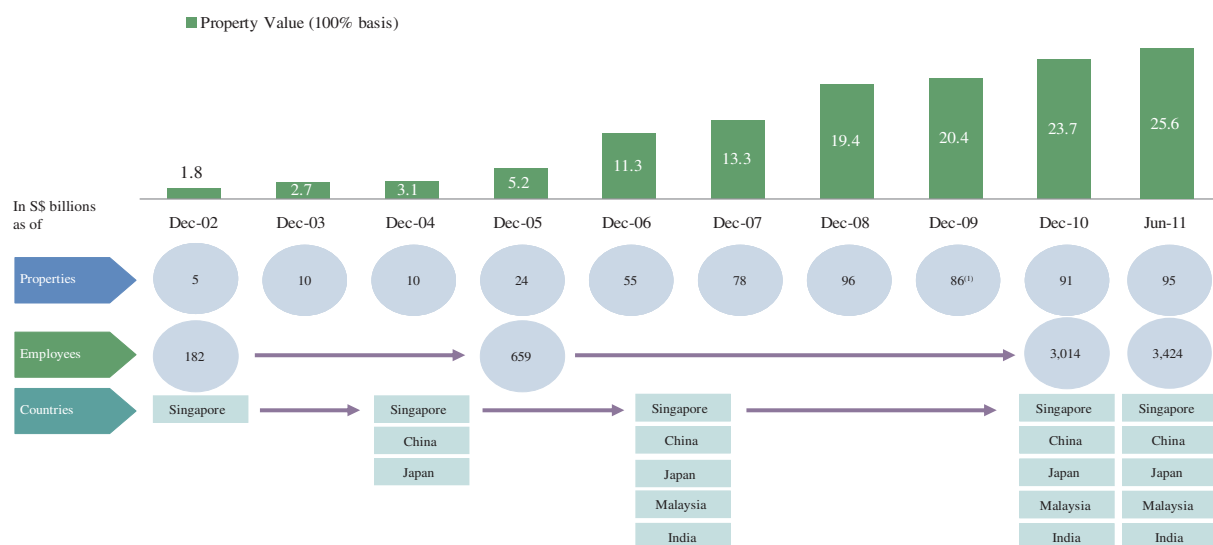
Our Track Record of Growth

Leveraging on our integrated retail real estate capabilities across all facets of the retail real estate value chain, we hold our property investments both directly and indirectly through various funding vehicles, including REITs, private real estate funds and joint ventures. These funding vehicles have allowed us to enhance our capital productivity and expand our funding capability so that we are able to further increase the size, scale and efficiencies of our operations.

As a result of our capital funding and expansion strategy, our effective interest in the property value of the properties within our portfolio, which we manage, has grown from approximately S\$1.2 billion (US\$0.9 billion) as of December 31, 2002 to approximately S\$8.1 billion (US\$6.5 billion) as of June 30, 2011. The total property value of the portfolio has also increased, from approximately S\$1.8 billion (US\$1.3 billion) as of December 31, 2002 to S\$25.6 billion (US\$20.8 billion) as of June 30, 2011, representing a thirteen-fold increase in eight-and-a-half years.

BUSINESS

Our track record of growth from 2002 through June 30, 2011 is summarized below:



Note:

- (1) The decrease from 96 retail properties in 2008 to 86 retail properties in 2009 is primarily due to the Corporate Reorganisation and the Asset Swap and Divestment. For further details see “Our History.”

	As of December 31, 2002	As of June 30, 2011⁽¹⁾
Number of retail properties	5	95
Employees ⁽²⁾	182	3,424
Total property value (100% basis) ⁽³⁾	S\$1.8 billion	S\$25.6 billion
Total property value (effective interest) ⁽⁴⁾	S\$1.2 billion	S\$8.1 billion
Location of our property interests	Singapore	Singapore, China, Malaysia, Japan, India
GFA (100% basis) ⁽³⁾	2.4 million sq.ft.	75.6 million sq.ft.
GFA (effective interest) ⁽⁴⁾	1.6 million sq.ft.	26.8 million sq.ft.

Notes:

- (1) Excludes our interest in Horizon Realty Fund, which we do not manage.
- (2) Excludes employees employed under joint venture companies.
- (3) 100% basis refers to the aggregate property value or GFA of the properties in the portfolio (where the property value or GFA of each of the properties is taken in its entirety regardless of the extent of our interest).
- (4) Effective interest refers to the property values or GFA proportionate to our ownership interest in the properties.

OUR COMPETITIVE STRENGTHS

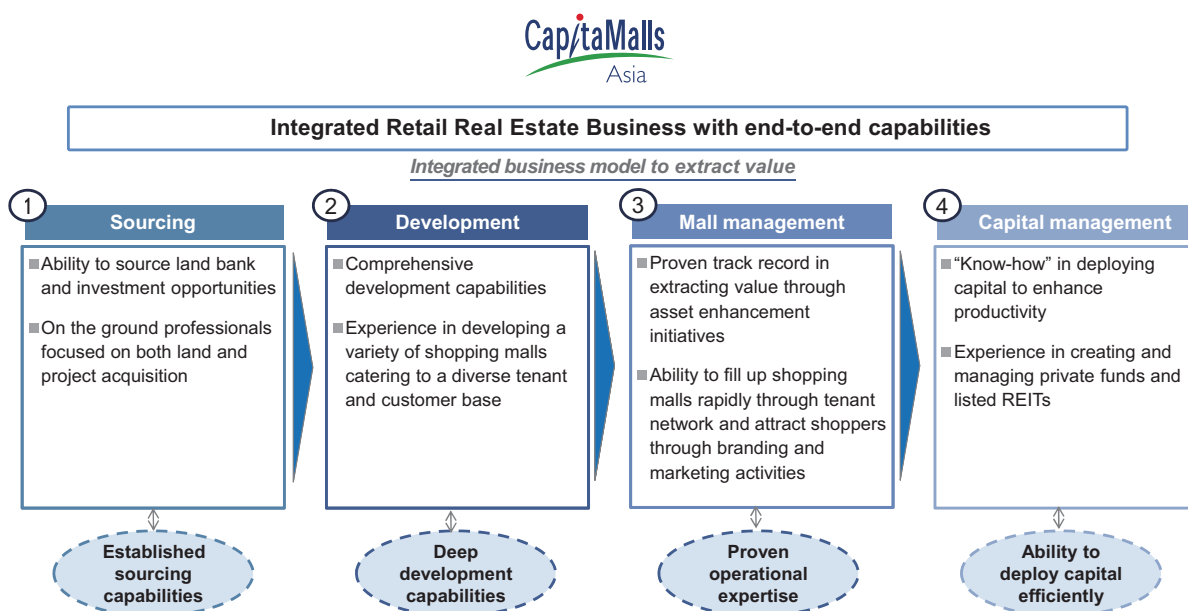
Strength 1: A Unique Integrated Retail Real Estate Platform

We have an integrated retail real estate business model, with end-to-end in-house capabilities in retail real estate investment and development, shopping mall operations, asset management and fund management. This business model is summarized in the diagram below. We believe that the key components of our integrated platform include:

- established sourcing capabilities;
- comprehensive shopping mall development and management capabilities;
- an extensive network of international and domestic tenants; and
- strong capital management capabilities.

We believe that there are two significant benefits to our end-to-end business model. First, the aim of our model is to help us extract value across the entire retail real estate value chain, and the model has allowed us to successfully source, develop, own and manage a significant portfolio of retail properties within a relatively short period of time. For example, we are able to respond relatively quickly to retail real estate acquisition and development opportunities because we have the fund structuring and management capability to access financial resources and because we are able from the outset to create a project development plan, from concept to completion to ongoing tenancy and retail property management. Second, we believe that our business model provides us with a diversified earnings base, consisting of rental income, fee income and capital appreciation.

The following diagram shows our skill-sets across the retail real estate value chain:



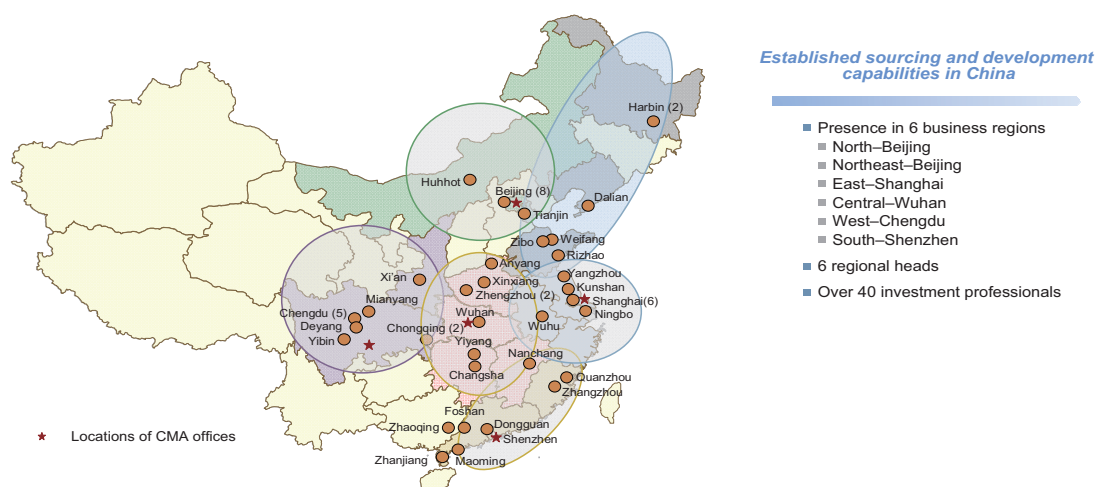
Our Established Sourcing Capabilities

As a leading developer, owner and manager of shopping malls in Asia with a wide footprint across various regions, we have established a strong track record in sourcing, which enables us to build up a substantial project pipeline for sustained future development and facilitates our accelerated growth.

BUSINESS

In Singapore, where we are the market leader, we believe that our development track record and current market position serve as the best indicator of our consistently superior sourcing capabilities. We have consistently demonstrated our strong sourcing capabilities in Singapore, establishing a dominant market position with 20 shopping malls and a total GFA of 13.2 million square feet as of June 30, 2011. See “Appendix V – Industry Overview – Singapore Retail Property Market Overview.” Our portfolio in Singapore includes a diverse range of types of shopping malls, as described in greater detail below. In China, we have built up our sourcing capability for both land and project acquisition, initially through strategic partnerships and more recently through our own in-house, local teams. Given the varying market dynamics in each city in China, and in order to allow us to respond to market opportunities on an accelerated basis, from September 2009 onwards we have enhanced this in-house capacity with our new country management framework, by establishing six regional business units staffed with over 40 investment professionals dedicated to sourcing and executing retail property acquisitions in China.

The following map shows the cities in China in which we have retail properties, as well as the regions for which we have established business units to support our expansion in China.



Note: The six business regions encompass the following provinces and municipalities: North (Beijing, Tianjin, Inner Mongolia), Northeast (Heilongjiang, Liaoning, Shandong), East (Shanghai, Zhejiang, Jiangsu, Anhui), Central (Hunan, Hubei, Jiangxi, Henan), West (Sichuan, Chongqing, Shaanxi) and South (Fujian, Guangdong). For those cities with more than one mall, the number of malls is indicated in parentheses.

We believe the following factors will continue to be the basis of our strong sourcing capabilities in the market: (1) our outstanding track record and market credentials as a leading retail property developer, owner and manager; (2) our strong relationships with tenants, government entities and local communities; (3) our management capabilities, including an experienced local team; and (4) our strong balance sheet position.

Our Comprehensive Shopping Mall Development and Management Capabilities

We are able to develop and manage a wide range of shopping malls catering to different market segments and customer needs, from properties such as ION Orchard in Singapore and Raffles City, Shanghai in China, which target both middle to higher-income customers and tourists, to Tampines Mall in Singapore and CapitaMall Deyang in Sichuan, China, which target daily consumer needs.

We believe that our comprehensive shopping mall development and management capabilities have allowed us to be well positioned to pursue a wide range of potential opportunities, capturing the different consumption dynamics that drive a variety of shopping mall market segments, and thereby reducing our risk of concentration in any single market segment.

BUSINESS

Our Extensive Network of International and Domestic Tenants

Due to the scale of our operations, we have an extensive base of international and domestic tenants with approximately 10,000 leases as of June 30, 2011, across the different segments of the retail market, ranging from supermarket and hypermarket operators such as Wal-Mart, BHG and NTUC FairPrice, to luxury retailers such as Louis Vuitton and Cartier. In China alone, we have built up an extensive and highly localized tenant base with over 5,000 leases that includes national as well as more regional and local tenants. We believe that this enables us to enter different markets and tiers of cities within China and customize the tenant-mix of our shopping malls for local market conditions and consumption habits, thereby maximizing shopper traffic and rental income.

The following is a selection of the international and domestic retail tenants at our properties, as of June 30, 2011:

International		Selected Tenants (by Trade Name)				
		Singapore	China	Domestic		
				Malaysia	Japan	India
Abercrombie & Fitch	McDonald's	77th Street	1000 Colors (千色店)	British India	Co-op Kobe	Allen Solly
	Muji	BreadTalk		Factory Outlet	Don Quijote	Archies
Ajisen Ramen			1983	Store (F.O.S.)		
	Nike	Capitol Optical			Ito-Yokado	Café Coffee Day
Bata			ANTA (安踏)	GSC		
	Pizza Hut	Charles & Keith			Izumiya	Crossword
Carrefour			Belle (百麗)	Home's Harmony		
	Prada	Dairy Farm Group			Kojima	Fame Cinemas
Cartier			BHG (北京華聯)	Ms Read		
	Sephora	Eu Yan Sang			Mr Max	Flying Machine
Coach			Broadcast (播)	Nichii		
	Starbucks	Jean Yip			Nojima	Health & Glow
Desigual			Faiccia (色非)	Old Town White		
	Swarovski	Kopitiam		Coffee	Shimamura	Hungama Game Zone
Gap			Hai Di Lao Huo Guo (海底撈火鍋)	Padini	Music	
H&M		NTUC FairPrice			Studio Alice	Megamart
	Tesco	Old Chang Kee	Hotwind (熱風)	Parkson		
Kate Spade					Summit	MTR
	Toys "R" Us	Pet Lovers Centre	JNBY (江南布衣)	RedBox	Supermarket	
KFC						Nirulas
	Uniqlo	Popular	Li-Ning (李寧)	Secret Recipe	Super ARCs	
Louis Vuitton						Provogue
	Wal-Mart	Robinsons	Love & Love	Sen Q	Super Value	
Mango						Reliance Trends
	Watsons	Soo Kee Jewellery	Ochirly (歐時力)	The Chicken Rice Shop	Tsutaya	
	Zara		PanKoo (盤古)			Transit Food Court
				Tomei		

Whilst the above tenants are not our top five customers during the Track Record Period and the six months ended June 30, 2011, a significant number of these brands have been tenants of our properties since our establishment in the relevant jurisdictions, while some of them are new brands which we have introduced to our malls over the last few years.

BUSINESS

With our presence in 50 cities across five countries in Asia, we are able to offer our tenants the opportunity to open stores in our shopping malls in cities and countries where they do not already have a presence, thereby allowing them to expand the scale of their operations within our network of shopping malls. We believe that the location, size and quality of our malls contribute to the value proposition for our tenants. For these reasons, we believe that this “network effect” provides a diverse, multi-jurisdictional platform for mutual growth with our tenants, particularly in China, thereby creating a strong basis for tenant retention and high occupancy rates for our properties. For example, Watsons has grown their locations with us, and currently has 26 stores with us throughout China, while KFC currently has 29 restaurants located in our shopping malls in China.

Over several years of operation, through the tenants’ sales data collected by us, including data collected via the POS systems in Singapore and China, we have acquired an understanding of the characteristics and performance of different trade sectors in various markets. This allows us to understand shoppers’ preferences in these locations. In addition, retailers also benefit from our specific knowledge of tenant needs and retail demand in the different markets in which we operate.

Through our active mall management and proactive leasing and marketing strategy, we are able to attract and maintain a diverse mix of tenants and to significantly influence the tenant mix at the shopping malls we manage, thereby achieving high occupancy levels in a shorter period of time from opening, with respect to new malls. This also allows us to optimize the attractiveness of our shopping malls and potentially generate higher shopper traffic for our tenants.

We believe that the above tenant network effect helps us to create a strong basis for tenant retention, achieve strong occupancy rates for our operating shopping malls, generate sustainable rental income and support the capital values of the retail properties in our portfolio.

Our Strong Capital Management Capabilities

Given the capital intensive nature of developing and operating retail properties, we have developed an investment platform that strategically utilizes various investment modes, from direct ownership of properties to REITs or private real estate funds that we manage to joint ventures. This capital management capability has allowed us to adopt the most efficient and effective investment structure to maximize our capital productivity and to scale up our business.

In addition, we have access to capital from a wide variety sources and are not dependant on any one source for our funding needs. As a listed company, we have access to the capital markets for potential issuances of equity, debt or other securities. We are also able to secure debt financing at what we believe to be competitive rates, including revolving bank loans and medium-term notes. See “Financial Information – Liquidity and Capital Resources.” As of June 30, 2011, we have put in place over S\$1,113.3 million of unutilised banking facilities to support our capital requirements. Internally, we have a strong balance sheet, with a cash position (cash and cash equivalents) of over S\$1,191.6 million as at June 30, 2011, and what we believe to be a predominantly stable portfolio of assets, providing us with liquidity and stable recurring cash flows. We also believe that our relationship with CapitaLand further enhances our capital management capabilities.

We believe that our knowledge of retail property capital management coupled with our ability to employ different investment structures and vehicles allows us the flexibility to pursue suitable investment strategies based on specific circumstances, thereby maximizing our capital productivity and efficiency, return and value.

BUSINESS

Strength 2: Leading Player in Key Markets

We believe that the geographic reach of our network and the size and quality of our portfolio of shopping malls make us a leading player in some of the key Asian markets for organized retail.¹ We believe that this leading position enables us to leverage on our integrated retail real estate capabilities in order to further increase the size, scale and efficiencies of our operations and enhance our profitability.

In each of the below key markets, we believe that we have effectively established each element of our integrated retail real estate platform – sourcing, development and capital management, including REITs – and that this platform has enabled us to build and maintain a leading market position in these countries.

Singapore

In Singapore, we are the market leader as the largest shopping mall owner and manager, with interests in 16 completed shopping malls and four retail development projects, comprising an aggregate GFA of approximately 13.2 million square feet as of June 30, 2011. This constitutes approximately 18% of Singapore’s major shopping mall floor space (i.e. malls over 100,000 square feet), with the next largest player constituting approximately 7%. See “– Property highlights by country – Singapore” and “Appendix V – Industry Overview – Singapore Retail Property Market Overview.” We also manage the first and largest REIT in Singapore that focuses on the retail sector, CMT.

China

We made our first investment in China in 2005, with the acquisition of seven retail properties in seven cities. In 2006, we established China Income Fund (then known as CapitaRetail China Development Fund) and China Incubator Fund, both private China retail real estate funds, and we listed CRCT, a China-focused REIT, on the SGX-ST. In 2007, we established China Development Fund II. We believe that our experience in China gives us an early mover advantage and that we are one of the largest listed shopping mall developers, owners and managers in China in terms of the scale of our mall and tenant network. As of June 30, 2011, we own interests in and manage 54 retail properties in China (of which 14 properties are in various stages of development) located in 34 cities, with a total GFA of approximately 49.6 million square feet and a property value of S\$10.5 billion. Our total number of employees in China has increased from 323 in 2005 to 2,503 as of June 30, 2011 (comprised of 2,469 Chinese nationals and 34 expatriates), including over 40 investment professionals dedicated to sourcing and executing retail property acquisitions in China. Some of these recent acquisitions include a 66.00% interest in a site located in Luwan District in Shanghai (the “Luwan Site”), the acquisition of a 17.10% interest in Raffles City Changning, the acquisition of a 100.00% interest in CapitaMall Tianfu in Chengdu, and the acquisition of a 100.00% interest in CapitaMall Meilicheng, also in Chengdu.

Malaysia

In Malaysia, we manage the largest “pure-play” shopping mall REIT, CMMT, and have interests in five shopping malls measuring approximately 4.7 million square feet in total GFA. In Penang specifically, we have already developed a significant presence in the market, with interests in two of the largest malls, Gurney Plaza and Queensbay Mall, which together comprise 2.2 million square feet of GFA.

¹ We base this belief on our comparison of other listed real estate companies in Asia and our assessment of the retail real estate industry in Asia.

BUSINESS

Strength 3: Experienced Management Supported by Local Teams and Good Corporate Governance

We benefit from an experienced management team with executive officers who have long and proven track records in managing, investing in, developing and enhancing retail properties, as well as in-depth understanding of and experience in running a public company.

The offices in each country in which we operate are staffed with experienced local management teams, with an in-depth understanding of local markets, cultures, regulations and investment opportunities, as well as good relationships with local government, vendors, business partners and communities. Our local teams also leverage on the extensive expertise and experience we initially developed in Singapore, and our experienced Singapore managers frequently provide professional training as well as technical and business support to our local teams.

We believe that our knowledge of international best-practices combined with in-depth local knowledge will facilitate us in being more competitive in our business.

In China, we have established a large base of experienced and well-trained employees, with a total of 2,503 personnel as of June 30, 2011, 98.6% of whom are Chinese nationals, including over 40 investment professionals dedicated to sourcing and executing retail property acquisitions in China. Furthermore, we have organized our management and employees in China around our six key business regions, with regional offices responsible for pursuing investment opportunities and making key decisions. We believe that this can maximize our execution capacity and efficiency, and help us to achieve intra-regional synergies. With this large, dedicated local team, we believe we are well-positioned to entrench ourselves in those cities where we operate in China.

In line with good corporate governance practices, our Company has a Board that comprises a majority of Independent Directors. Furthermore, our management team's efforts and contributions to the development of our shopping mall business have been recognized by the industry through several awards. For further details, see “– Major Awards and Certificates.”

OUR BUSINESS STRATEGIES

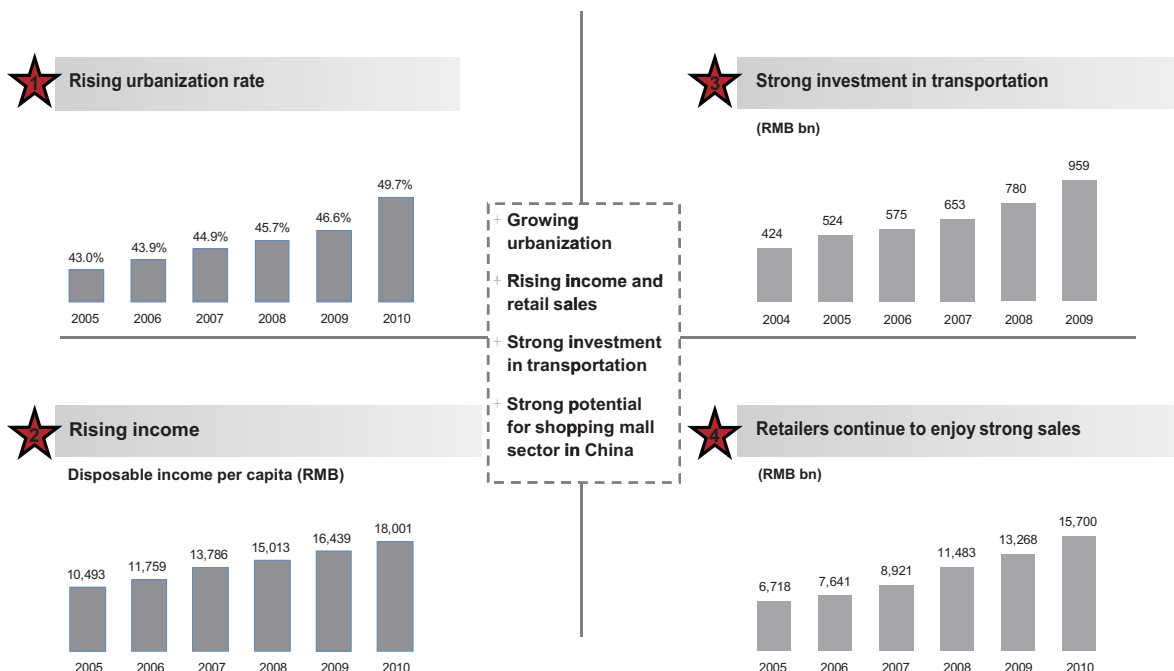
Capitalize on Asian Consumption and Other Growth Opportunities

We intend to capitalize on the expected growth in consumption across Asia in order to expand our portfolio of shopping malls, increase our profitability and strengthen our position as a leading developer, owner and manager of shopping malls in Asia. We believe that Asia, with its large and growing population, its rising income levels and its economic development and rise in consumer demand, presents significant opportunities for the growth of organized retail. With our extensive pan-Asian footprint of shopping malls, and with our established sourcing capability, our expertise in developing and operating shopping malls, our extensive tenant network, and our integrated retail real estate platform, we believe that we are well positioned to take advantage of Asia's continued growth in consumer demand and retail consumption.

BUSINESS

China – An Attractive Market for Shopping Mall Business

China presents significant growth opportunities in the shopping mall sector



We believe that there is strong growth potential for the shopping mall sector in China, and intend to focus on this growth potential with the goal of entrenching our position in the cities where we currently operate and developing a stable income base from our China business.

We believe that the current time is opportune for land acquisitions in China for retail purposes, for the following reasons (for details please refer to Appendix V – Industry Overview):

- Rising urbanization, disposable income and consumption resulting in strong retail sales growth.
- Strong and sustained investment in infrastructure and urban transportation to facilitate the development of retail properties.
- Significant growth potential for shopping malls in China, particularly in Tier 2 and Tier 3 cities.
- Residential property cooling measures resulting in more opportunities in the retail property market in China.

Please note that, with a view to cool down the active residential property market in the PRC, the PRC government had, on January 26, 2011, introduced numerous measures directed at controlling rapid price increases in the residential property market in an attempt to curtail what many have perceived to be an overheating property market in China. However, as a shopping mall developer and manager, we are primarily focused on commercial retail properties, and therefore have minimal exposure to the abovementioned measures which are targeted at residential properties. Accordingly, we are of the view that such measures would not have a material adverse affect on the Group's business operations and financial results in the PRC. On the other hand, such measures may potentially provide more interest and opportunities for investment in retail properties, which we believe will ultimately facilitate our expansion plans in the PRC.

BUSINESS

We believe that these factors point to a pattern of sustainable growth in Chinese domestic consumption and demand for shopping mall space. In anticipation of this continued growth and demand, we will seek to leverage on the scale of our operations in China to expand our presence there, building a portfolio of 100 shopping malls within the next three to five years and entrenching ourselves in the 34 cities in which we currently operate. See “– Our Strategies in Key Markets – China.” For more information, please see “Appendix V – Industry Overview – China Retail Market Overview.”

Our Other Markets – Continue to Offer Growth Opportunities

Even for more mature Asian markets such as Singapore, Malaysia and Japan, we expect continued opportunities to grow our business. In India, we believe that there continues to be substantial growth potential for quality, organized retail as the country’s economy continues to grow. See “Appendix V – Industry Overview – India.”

Our Strategies in Key Markets

To capitalize on Asian consumption growth, we aim to build an extensive network of shopping malls and tenants base. To achieve this, we aim to acquire/develop additional retail properties which may include greenfield or brownfield projects in our key markets; and in terms of investment modes, we adopt the most efficient and effective investment structure in order to maximize our capital productivity, from direct ownership of properties to REITs or private real estate funds that we manage to joint ventures.

In this regard, we intend to expand our business in each of the markets in which we operate, taking into consideration the particulars of our portfolio in each country and the local market conditions. This includes making strategic acquisitions (including through joint ventures, direct acquisitions and public or private tenders) from time to time in each of these markets, taking into account the conditions of the local retail property market including but not limited to property prices, growth potential and consumer demand. Our growth strategy is reflected in our periodic acquisitions of properties and the bidding of development projects.

Singapore

In Singapore, we will adopt a customized approach and will continue to selectively pursue strategic acquisition and development opportunities, such as our acquisition in 2010 of the Bedok Site and the acquisition in 2011 of Jurong Gateway Site, in order to maintain and extend our market leadership position. We also intend to recycle capital through the monetizing of assets via CMT, which will allow us to pursue further growth opportunities, provided market conditions for doing so are favourable and it would be beneficial to our shareholders, as we did through the sale of Clarke Quay to CMT in 2010.

Malaysia

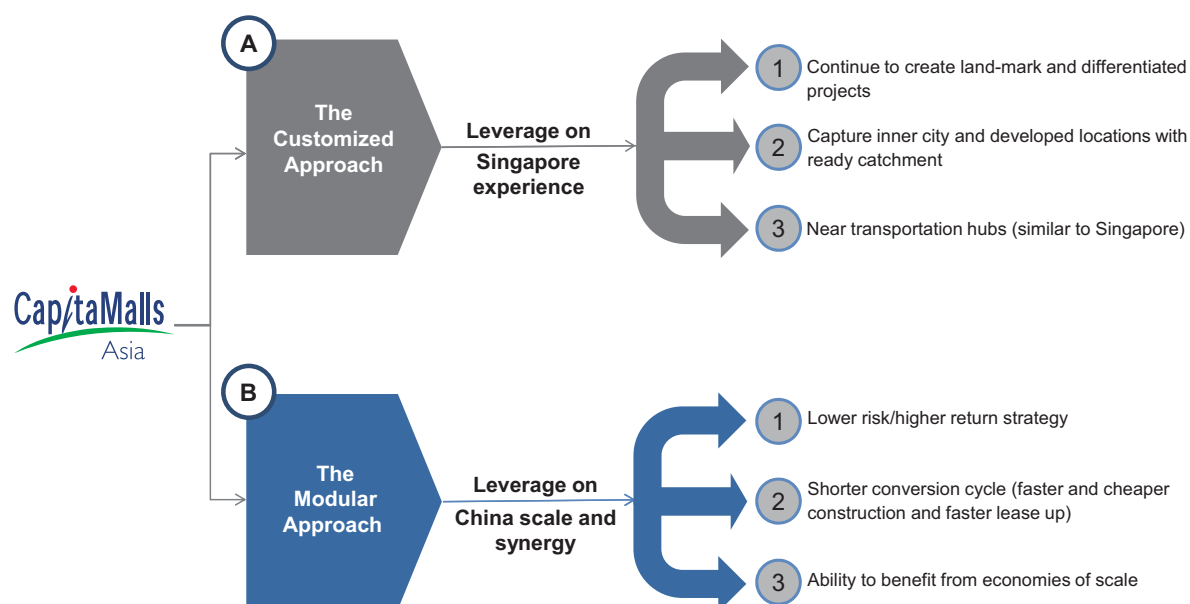
In Malaysia, we hope to consolidate our presence in the shopping mall industry, as we believe there are significant opportunities in this fragmented market. To this end, we will adopt the customized approach and seek to selectively acquire retail properties and expand our footprint, such as through our acquisition in 2010 of Queensbay Mall. We believe we can replicate our Singapore growth model in Malaysia. We will also focus on extracting organic growth through asset enhancement activities at our five malls. In 2010, we established and listed CMMT, thereby monetizing the value of some of our assets in Malaysia. We also intend to use CMMT to actively recycle capital in order to help us fund our expansion activities in Malaysia.

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China

In China, given the significant growth opportunities in the market, we will adopt a two-pronged approach, customized and modular, to further enhance our early-mover advantage in China. In this regard, we will seek to leverage on the scale of our operations and our experience in China to aggressively expand and build up our portfolio to 100 shopping malls within the next three to five years. We will execute a “Focused Expansion” strategy, whereby we seek to entrench our presence in China by focusing primarily on the cities in which we currently operate. We believe that greater presence in these cities enhances our local expertise, deepens relationships with tenants and local government authorities and strengthens our market leadership in these regions, which in turn will allow us to be more competitive.

Given what we believe to be significant growth opportunities in China, we will utilize a two-pronged approach – “customized” and “modular” – to further strengthen our early-mover advantage in China.



Customized Approach

We expect to implement our customized approach in China primarily in city-center locations, where the retail market is more developed with a captive catchment area and geared toward higher-income consumers. Leveraging on our experience in Singapore, we will seek to continue to create land-mark and differentiated shopping mall projects, generally located in heavily built-up inner-city areas and close to or integrated with public transport facilities. An example of our customized approach would be the acquisition of the Luwan Site, Shanghai.

Modular Approach

Our modular approach is primarily adapted to taking advantage of the scale of and the vast opportunities in China. We expect to implement this approach primarily in Tier 2 and Tier 3 cities, and suburban locations in Tier 1 cities, which are generally more suited for rapid expansion because of their expected growth, availability of land and the relative scarcity of shopping malls. We have utilized this approach over the past five years, rolled out two previous generations of shopping malls and used this valuable experience to develop the “3G Mall” concept, our third generation of shopping malls.

Having gone through this experience, we have accumulated local knowledge and expertise to roll out our 3G Mall concept in a faster and more profitable manner. For our 3G Malls, we are standardizing the design, size and layout of the shopping malls, so that we can replicate our model quickly in each of the cities where we operate. We expect that this standardization will make construction of the shopping malls

BUSINESS

faster and cheaper and will enable us to lease retail space to tenants for multiple locations at the same time, rather than on a mall-by-mall basis. Our 3G Malls will generally also be larger than our current shopping malls, with a wide range of tenants and open space for community events and activities, which we expect will make them more attractive to shoppers and retailers. We also expect to maintain a higher proportion of specialty tenants in order to increase our profitability. The aim of this approach is to allow us to scale up our portfolio more quickly and efficiently. Our goal is to shorten the time to achieve a level of cash flow that can potentially result in capital appreciation, from six years (for our earliest shopping malls) to about three years for our 3G Malls, with two years spent in development and one year to achieve such levels of cash flow.

Given the long-term capital appreciation potential in China, we intend to buy and hold properties in order to take advantage of their potential for capital appreciation in the emerging Chinese market.

Other Markets

In Japan, we intend to leverage and continue to expand our network of existing tenants to grow our business. We will also seek to use the network effect of our cross-border portfolio to expand our Japanese tenant base to other countries in which we operate.

In India, we believe that there is substantial growth potential for organized retail as the country's economy continues to grow. We intend to take a measured approach and to invest in and develop shopping malls at selected sites while continuing to build our understanding of the Indian retail property market as it evolves.

OUR BUSINESS OPERATIONS

Our business operations comprise two main business areas: (i) our property interests, which are held directly or through REITs, private real estate funds and joint ventures; and (ii) our management business. Each of these business areas is discussed below.

Our Property Interests

As of June 30, 2011, our portfolio of interests in real estate comprises 95 retail properties that we also manage and which are located across 50 cities in the five countries of Singapore, China, Malaysia, Japan and India, as summarized in the table below:

Countries	Number of Retail Properties ⁽¹⁾					Total
	Completed ⁽²⁾	Scheduled for Completion in 2011	Targeted for Completion in 2012	Targeted for Completion in 2013	Targeted for Completion in 2014 and beyond	
Singapore	16	–	2 ⁽³⁾	1	1	20
China	40	4	5	2	3	54
Malaysia	5 ⁽⁴⁾	–	–	–	–	5
Japan	7	–	–	–	–	7
India	2	–	1	2	4	9
Total	70	4	8	5	8	95

Notes:

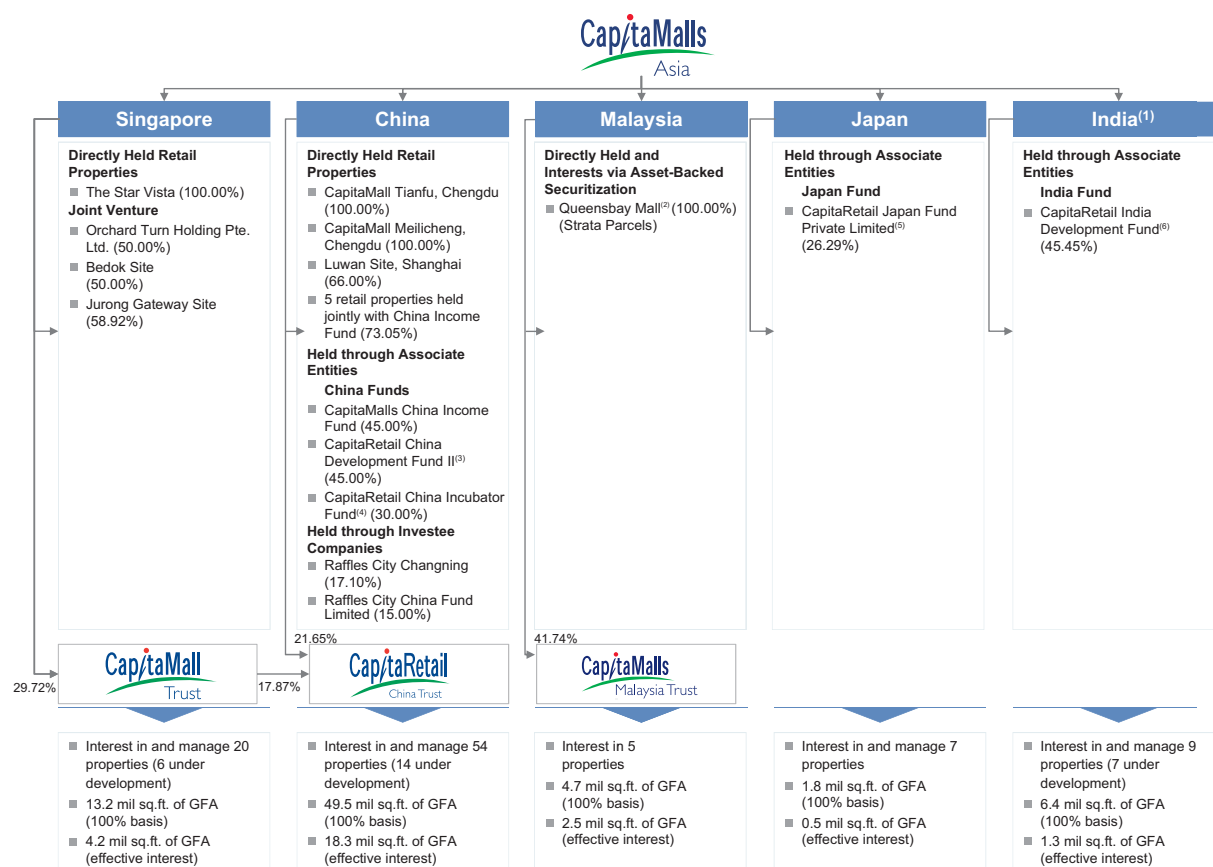
- (1) Excludes our interest in Horizon Realty Fund, which we do not manage.
- (2) Refers to properties that were completed as of June 30, 2011.
- (3) Includes JCube, which is currently undergoing asset enhancement.
- (4) Includes East Coast Mall. Completion of the acquisition for East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.

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We believe that there are substantial opportunities for growth in the Chinese market for shopping malls. See “Business – Our Business Strategies – Capitalize on Asian Consumption and Other Growth Opportunities – China – an attractive market for shopping mall business.”

Our retail property interests are held through a combination of direct holdings and associated entities such as REITs, private real estate funds and joint ventures. Of the 95 retail properties, 70 are completed shopping malls and 25 are in various stages of development.

The following diagram illustrates the various ways in which we hold our retail property interests in each country where we operate as of June 30, 2011:



Notes:

- (1) Excludes our interest in Horizon Realty Fund, which we do not manage.
- (2) Refers to 90.7% of retail strata areas and 100% of the car park.
- (3) Renamed CapitaMalls China Development Fund II on September 9, 2011. See “– Recent Developments.”
- (4) Renamed CapitaMalls China Incubator Fund on September 9, 2011. See “– Recent Developments.”
- (5) Renamed CapitaMalls Japan Fund Pte. Ltd. on September 9, 2011. See “– Recent Developments.”
- (6) Renamed CapitaMalls India Development Fund on September 9, 2011. See “– Recent Developments.”

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In total, we hold and/or manage 10 properties through our subsidiaries; three properties through joint venture partners; 76 properties through associates; and six properties through investee companies.

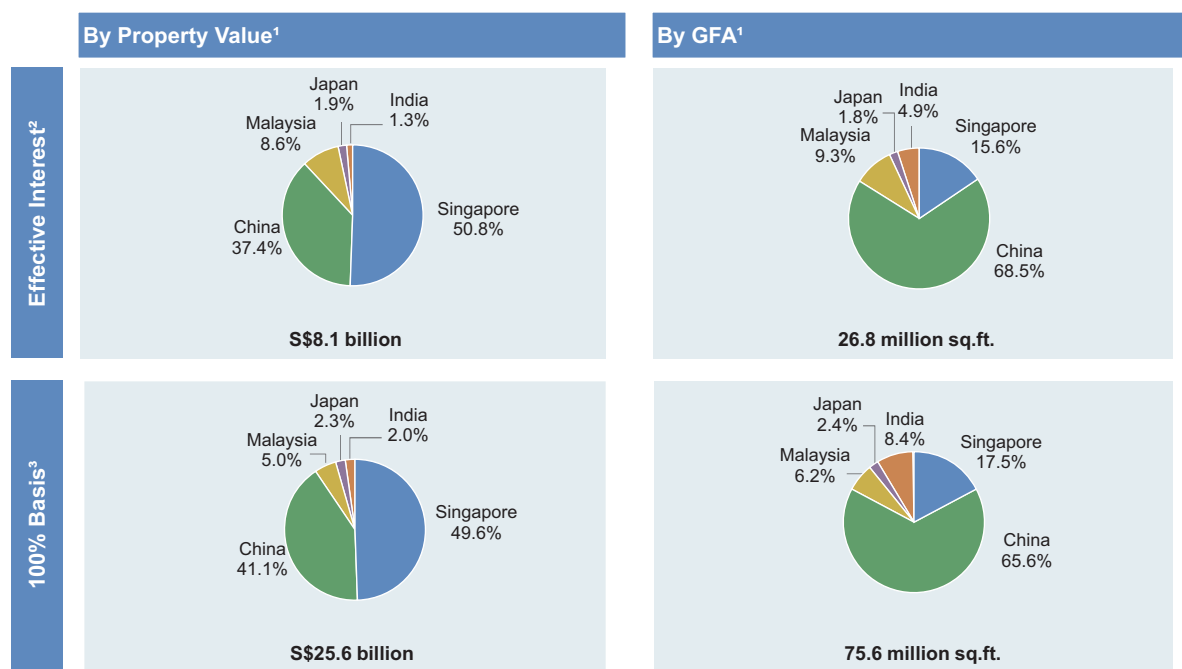
The following table shows a summary of the 95 retail properties in which we have interests and that we manage, by country, as of June 30, 2011:

	Effective Interest ⁽¹⁾⁽²⁾		100% Basis ⁽¹⁾⁽³⁾	
	Property Value	GFA	Property Value	GFA
	(S\$ billion)	(million sq.ft.)	(S\$ billion)	(million sq.ft.)
Singapore	4.1	4.2	12.7	13.2
China	3.0	18.3	10.5	49.6
Malaysia	0.7	2.5	1.3	4.7
Japan	0.2	0.5	0.6	1.8
India	0.1	1.3	0.5	6.4
Total	8.1	26.8	25.6	75.6

Notes:

- (1) Excludes our interest in Horizon Realty Fund, which we do not manage.
- (2) Effective interest refers to the aggregate property values and GFA that are proportionate to our ownership interest in the properties (where our interests in the properties, private real estate funds, CMT, CRCT and CMMT are as of June 30, 2011).
- (3) 100% basis refers to the aggregate property values and GFA of the properties in the portfolio (where the property value and GFA of each of the properties is taken in its entirety regardless of the extent of our interest).

The following pie charts show the breakdown of our property interests in each country in terms of property value and GFA as of June 30, 2011:

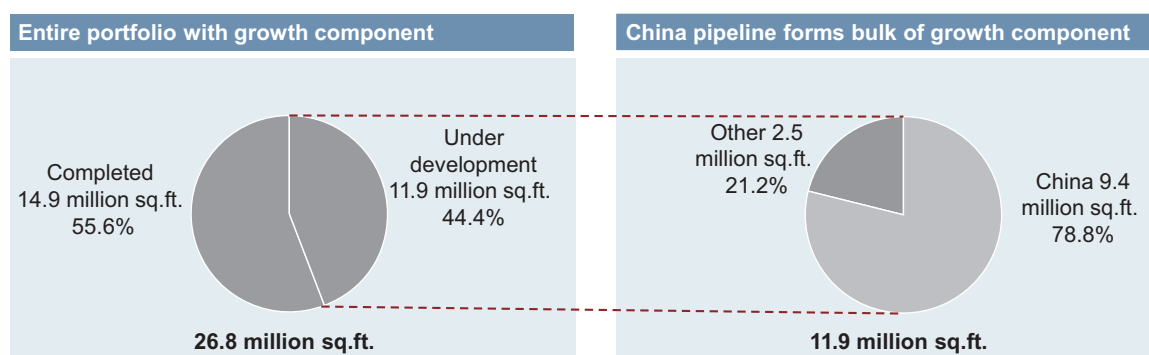


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Notes:

- (1) Excludes our interest in Horizon Realty Fund, which we do not manage.
- (2) Effective interest refers to the aggregate property values and GFA that are proportionate to our ownership interest in the properties (where our interests in the properties, private real estate funds, CMT, CRCT and CMMT are as of June 30, 2011).
- (3) 100% basis refers to the aggregate property values and GFA of the properties in the portfolio (where the property value and GFA of each of the properties is taken in its entirety regardless of the extent of our interest).

In terms of our effective interest, the retail properties under development comprise approximately 26.2% by property value and 44.4% by GFA of our property portfolio as of June 30, 2011. Furthermore, in terms of the retail properties under development, the development projects in China form the bulk of the development pipeline, representing approximately 78.8% by GFA of the total development assets in our property portfolio. This is illustrated in the following pie charts:



Note: Effective interest refers to the aggregate GFA proportionate to our ownership interest in the properties (where our interests in the properties, private real estate funds and CRCT are as of June 30, 2011).

A period-on-period comparison by country of the average valuation per square foot of properties that were completed as of June 30, 2011 in which we have an interest and manage (based on 100% basis) is summarized below:

	Number of Completed Properties	Property Value (S\$ billion)	GFA (million sq.ft.)	Property Value by GFA (S\$ per sq.ft.)
Singapore	16	11.8	10.6	1,108
China	40	5.5	24.9	220
Malaysia ⁽¹⁾	5	1.3	4.7	274
Japan	7	0.6	1.8	327
India ⁽²⁾	2	0.1	0.9	143
Total/Weighted Average	70	19.3	42.9	449

Notes:

- (1) Includes East Coast Mall in Malaysia. Completion of the acquisition of East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.
- (2) Excludes our interest in Horizon Realty Fund, which we do not manage.

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A comparison by country of the average valuation per square foot of properties that were completed as of June 30, 2011 in which we have an interest and which we manage (based on effective interest) is summarized below:

	Number of Completed Properties	Property Value (S\$ million)	GFA (million sq.ft.)	Property Value by GFA (S\$ per sq.ft.)
Singapore.	16	3,564.2	2.7	1,300
China.	40	1,518.7	9.0	170
Malaysia ⁽¹⁾	5	691.3	2.5	279
Japan.	7	157.4	0.5	327
India ⁽²⁾	2	31.7	0.2	140
Total/Weighted Average.	70	5,963.3	14.9	401

Notes:

- (1) Includes East Coast Mall in Malaysia. Completion of the acquisition of East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.
- (2) Excludes our interest in Horizon Realty Fund, which we do not manage.

A period-on-period comparison, by country, of the NPI Yield and committed occupancy rate of certain shopping malls in which we have an interest and which we manage (on a 100% basis) is summarized below. 100% basis refers to the NPI Yield and occupancy rate of the properties in the portfolio (where the NPI Yield and occupancy rate of each of the properties is taken in its entirety regardless of the extent of our interest).

	December 31, 2009 ⁽¹⁾		December 31, 2010 ⁽²⁾		June 30, 2011 ⁽²⁾	
	NPI Yield ⁽³⁾	Occupancy Rate ⁽⁴⁾	NPI Yield ⁽³⁾	Occupancy Rate ⁽⁴⁾	NPI Yield ⁽³⁾	Occupancy Rate ⁽⁴⁾
	(%)	(%)	(%)	(%)	(%)	(%)
Singapore.	5.5	99.2	5.6	99.0	5.7	98.0
China.	5.5	95.6	5.0	96.1	5.9	96.7
Malaysia	6.5	98.3	6.4	98.3	6.4	97.3
Japan.	3.5	79.3	3.3	95.1	3.7	94.8
India	N.A.	N.A.	5.0	90.6	6.3	91.6

Notes:

- (1) Excludes malls which became operational on or after January 1, 2009.
- (2) Excludes malls which became operational on or after January 1, 2010.
- (3) Refers to the weighted average yield of our operational shopping malls by country, computed by using the annual or annualized NPI of operational shopping malls divided by the property value of the properties as of the relevant period end.
- (4) Refers to the weighted average committed occupancy rate as of the period end of our operational shopping malls by country (on a 100% basis).

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Our total NPI (based on 100% basis) increased by 19% in 2010 versus 2009. A period-on-period comparison, by country, of the NPI of certain shopping malls in which we have an interest and which we manage is summarized as follows:

Country	Year ended December 31, 2009	Year ended December 31, 2010	Change	Six months ended June 30, 2011
	(\$ million) (100% basis)		(%)	(\$ million) (100% basis)
Singapore	524.2	633.6	20.9	332.4
China ⁽¹⁾	183.1	216.6	18.3	135.1
Malaysia	54.3	57.9	6.7	36.1
Japan	24.0	22.3	(7.1)	11.2
India	1.2	4.1	241.7	1.8
Total	786.8	934.5	18.8	516.7

Note:

(1) Excludes those malls acquired in the Asset Swap and Divestment.

As at the Latest Practicable Date, none of our Group, REITs or private real estate funds owns any land reserves (without any development plans).

Property Highlights by Country

Singapore

In Singapore, we are the market leader as the largest shopping mall owner and manager with interests in 16 completed shopping malls and four retail property development projects measuring approximately 13.2 million square feet of GFA as of June 30, 2011. Our interests in 16 of these shopping malls are held through CMT, the largest REIT listed on the SGX-ST in which we have a 29.72% interest as of June 30, 2011. We are also the mall and REIT managers of CMT. Our interest in the Orchard Turn Development in Singapore (which includes ION Orchard, a shopping mall in Orchard Road and The Orchard Residences, a luxury residential development) is held through a 50:50 joint venture with Sun Hung Kai Properties Limited, a Hong Kong based property developer. Our interest in the Bedok Site is held through a 50:50 joint venture with CapitaLand. Our interest in the Jurong Gateway Site is held through a 50:30:20 joint venture between CMA, CMT and CapitaLand, respectively. We have a 100.00% interest in The Star Vista, which is currently under development.

A summary of our retail property portfolio in Singapore is set out in the table below. Details of each asset are set out in “Appendix III – Details of Our Property Interests.”

Holding Structure	Number of Retail Properties		
	Completed	Under Development	Total
Held through subsidiaries	–	1	1
Held with joint-venture partners	1	2 ⁽¹⁾	3
Held through CMT	15	1 ⁽²⁾	16
Total	16	4	20

Notes:

(1) Includes Jurong Gateway Site, which is held jointly by ourselves, CMT and CapitaLand.

(2) JCube, which is currently undergoing asset enhancement.

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Set out below is the aggregate of the GFA and property value of the above properties (based on 100% basis), as of June 30, 2011:

Total GFA	13.2 million sq.ft.
Total property value	S\$12.7 billion

Set out below is the aggregate of the GFA and property value of the above properties (based on effective interest), as of June 30, 2011:

Total GFA	4.2 million sq.ft.
Total property value	S\$4.1 billion

As at June 30, 2011, the NLA of the retail properties which were completed amounted to 5.7 million square feet and the NPI amounted to S\$332.4 million. The NPI Yield and occupancy rate as at June 30, 2011 for the completed malls that were operational prior to January 1, 2010 are 5.7% and 98.0%. The total number of leases was 2,827 as at June 30, 2011.

The locations of the 20 retail properties (of which four are under development) in Singapore in which we have an interest and which we manage are set out in the map below. We recently renamed The Star Vista property, which we previously called One-North and the JCube property, which we previously called Jurong Entertainment Centre.



BUSINESS

China

Evolution in China: History of Our Growth

From seven retail properties located in seven cities in China with a total GFA of approximately 3.7 million square feet in 2005, we have been able to expand our presence in China to own interests in and manage 54 retail properties (of which 14 properties are in various stages of development) located in 34 cities, with a total GFA of approximately 49.6 million square feet as of June 30, 2011. Our total number of employees in China has increased from 323 in 2005 to 2,503 as of June 30, 2011 (comprised of 2,469 Chinese nationals and 34 expatriates). We now have a team of over 40 investment professionals (as of June 30, 2011) on the ground dedicated to sourcing and executing retail property acquisitions in China, divided into groups with a specific focus on one of the six business regions in which we operate. Each of these regions is directed by a regional head based in one of five key cities: Beijing (North and Northeast Regions), Shanghai (East Region), Wuhan (Central Region), Chengdu (West Region) and Shenzhen (South Region). We believe that our regional teams have developed strong relationships with local governments and communities and have built up significant expertise in sourcing land for mall development, and we believe that this regionalization will allow us to focus key local management and human resources on their respective regions, and we will be able to focus our expansion in China on an accelerated basis. Given this local focus and expertise, we believe that we are strongly positioned to entrench ourselves in the Chinese markets in which we have a presence. See “– Our Business Strategies – Our Strategies in Key Markets – China.”

Evolution in China: Early Experiences

We made our first investment in China in 2005 by acquiring seven existing malls in various stages of development and completion. In doing so, we relied heavily on our local partners SZITIC and Beijing Hualian Group for sourcing the properties and for leasing them to tenants. Our aim was to take advantage of the significant economic growth in China and the increasing rise of consumerism and organized retail in order to establish our footprint in this promising market. As the assets were already existing or under construction when we purchased them, we had limited input into their design, refurbishment, layout and tenant mix. We were also heavily dependent on anchor tenants for the leasing of large proportions of the floor space in the shopping malls. As the organized shopping mall concept was relatively new when we entered the Chinese market, we spent considerable time and effort on educating consumers and retailers about the concept of mall shopping and on building our network of tenants and retailers. Our primary contribution to the value of the projects was generally our focus on innovation and our mall management expertise. Examples of shopping malls that we developed at this time include CapitaMall Jinniu in Chengdu, where occupancy rates, NPI and capital value lagged for the first two years of our investment, but we were able to improve on each of these metrics in the third and fourth years of our operations and are currently planning a major expansion of the shopping mall to be opened in 2013.

As our presence in China and our experience in the market have grown, we have been increasingly able to use our local teams and to be more directly involved with our partners in selecting and acquiring the land for the development of greenfield shopping malls. As a result, we have been more often able to design the shopping malls from scratch to our own specifications and have had more control over the construction timeline, as well as over the mix of tenants, the terms of our leases and the expansion of our tenant network. We have also introduced the concept of department store-like arrangements, utilizing a department store floor plan with individual retail boutiques leased to different tenants. This allows for more efficient use of space in our shopping malls.

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Examples of shopping malls that we have developed on this basis include CapitaMall Deyang in Deyang, where we were able to achieve significant improvements in net property income, sales and capital value within one year from the start of our operations. Generally, these shopping malls are still relatively small (compared to shopping malls in more developed markets), and anchor tenants still take up a majority of the leased space, limiting our ability to fully exploit rental growth potential. In addition, these shopping malls often lack space for community activities, entertainment and food and beverage outlets.

Evolution in China: Two-Pronged Approach

Building on our experience in China, which has grown in parallel with the maturing of the Chinese consumer over the years, as well as on our local expertise and our network of tenants and suppliers, and given that we believe there are significant growth opportunities in China, we will utilize a two-pronged approach – customized and modular – to further strengthen our early-mover advantage in China.

Our modular approach is adapted to take advantage of the scale and fast pace of development in China. Utilizing the “3G” concept in order to execute our strategy in a faster and more profitable manner, we intend to replicate the high-quality shopping malls that we have already developed, but to do so in a manner that reduces our development time and cost, cuts the time required to reach our target occupancy rates and bring each shopping mall to profitability more quickly.

We expect to implement our customized approach primarily in China’s Tier 1 cities as well as in the inner-city areas of selected Tier 2 cities, where the retail market is more developed with a captive catchment area and geared toward higher-income consumers. Leveraging our experience in Singapore, we will seek to continue to create land-mark and differentiated shopping mall projects, generally located in heavily built-up inner-city areas and close to or integrated with public transport facilities. An example of our customized approach would be the acquisition of the Luwan Site, Shanghai.

Given the long-term capital appreciation potential in China, we intend to buy and hold properties in order to take advantage of their potential for capital appreciation in the emerging Chinese market. See “– Our Business Strategies – Our Strategies in Key Markets – China.”

Our Current Portfolio in China

We have interests in and manage 54 retail properties (of which 14 are under development) located in 34 cities in China with a total GFA of approximately 49.6 million square feet as of June 30, 2011. Our property portfolio in China is both directly held and held through CRCT, four private real estate funds and joint ventures. Our properties are located in Tier 1, Tier 2 and Tier 3 and lower cities throughout China. Some of our recent transactions include the acquisition of a 66.00% interest in a site located in the Luwan district of Shanghai (the Luwan Site) and the acquisition of a 17.10% interest in Raffles City Changning. We have also recently acquired interests in two properties in Chengdu, a 100.00% interest in CapitaMall Tianfu and a 100.00% interest in CapitaMall Meilicheng.

We have an effective interest of 26.97% in CRCT as of June 30, 2011. CRCT is Singapore’s first listed REIT that focuses entirely on investments in China’s retail real estate sector. CRCT has assets of approximately S\$1.4 billion and a market capitalization of approximately S\$837.5 million as of June 30, 2011. CRCT owns nine retail properties in China as of June 30, 2011.

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Our interests in the other 41 retail properties are primarily held through our interest in four private real estate funds. As of June 30, 2011, we hold a 45.00% interest in each of China Income Fund and China Development Fund II and a 30.00% interest in China Incubator Fund, and a 15.00% interest in Raffles City China Fund. For details of each fund, see “– Our investments in REITs and private real estate funds.” We hold five properties through joint ventures with our China Income Fund.

A summary of our portfolio of retail property interests in China is set out in the table below. Details of each asset are set out in “Appendix III – Details of Our Property Interests.”

Holding Structure	Number of Retail Properties		Total
	Completed	Under Development⁽¹⁾	
Held through subsidiaries	5 ⁽²⁾	3	8
Held through investee companies ⁽³⁾	2	4	6
CapitaRetail China Trust	9 ⁽⁴⁾	–	9
China Income Fund	17 ⁽⁵⁾	1	18
China Development Fund II	1	5	6
China Incubator Fund	6	1	7
Total	40	14	54

Notes:

- (1) Properties are in various stages of development.
- (2) Includes the five shopping malls that are held jointly by us and China Income Fund.
- (3) Includes the five properties that are held through Raffles City China Fund.
- (4) Includes CapitaMall Wuhu, which is held through a joint venture between CRCT and China Income Fund.
- (5) Excludes the five shopping malls that are held jointly by ourselves and China Income Fund and CapitaMall Wuhu, which is held through a joint venture between CRCT and China Income Fund.

Set out below is the aggregate of the GFA and property value of the above properties (based on 100% basis), as of June 30, 2011:

Total GFA	49.6 million sq.ft.
Total property value	S\$10.5 billion

Set out below is the aggregate of the GFA and property value of the above properties (based on effective interest), as of June 30 2011:

Total GFA	18.3 million sq.ft.
Total property value	S\$3.0 billion

BUSINESS

In April 2011, we undertook a rebranding exercise of our mall portfolio in China to build a unified mall brand that is scalable for our business growth. The new mall brand also has a stronger association to our corporate brand – CapitaMalls Asia. The following table shows the names of our malls in China before and after the rebranding:

Province	City	Name of Mall prior to Rebranding	Name of Mall after Rebranding (with City)	
Beijing	Beijing	Anzhen Mall•Beijing	CapitaMall Anzhen, Beijing	
	Beijing	Cuiwei Mall•Beijing	CapitaMall Cuiwei, Beijing	
	Beijing	Jiulong Mall•Beijing	CapitaMall Shuangjing, Beijing	
	Beijing	Taiyanggong Mall•Beijing	CapitaMall Taiyanggong, Beijing	
	Beijing	Wangjing Mall•Beijing	CapitaMall Wangjing, Beijing	
	Beijing	Ximao Mall•Beijing	CapitaMall Crystal, Beijing	
	Beijing	Xizhimen Mall•Beijing	CapitaMall Xizhimen, Beijing	
	Beijing	Raffles City Beijing	Raffles City Beijing	
	Inner Mongolia . .	Huhhot	Saihan Mall•Huhhot	CapitaMall Saihan, Huhhot
	Tianjin	Tianjin	TianjinOne Mall•Tianjin	CapitaMall TianjinOne, Tianjin
Heilongjiang	Harbin	Aidemengdun Mall•Harbin	CapitaMall Aidemengdun, Harbin	
	Harbin	Xuefu Mall•Harbin	CapitaMall Xuefu, Harbin	
Liaoning	Dalian	Peace Plaza•Dalian	CapitaMall Peace Plaza, Dalian	
Shandong	Weifang	Gaoxin Mall•Weifang	CapitaMall Weifang	
	Zibo	Liuquan Mall•Zibo	CapitaMall Zibo	
	Rizhao	Rizhao Mall•Rizhao	CapitaMall Rizhao	
Henan	Anyang	Anyang Mall•Anyang	CapitaMall Beiguan, Anyang	
	Xinxiang	Xinxiang Mall•Xinxiang	CapitaMall Hongqi, Xinxiang	
	Zhengzhou	Zhengzhou Mall•Zhengzhou	CapitaMall Erqi, Zhengzhou	
	Zhengzhou	Jinshui Mall•Zhengzhou	CapitaMall Jinshui, Zhengzhou	
Hubei	Wuhan	Zhongshan Mall•Wuhan	CapitaMall Wusheng, Wuhan	
	Wuhan	New Minzhong Leyuan Mall	CapitaMall Minzhongleyuan, Wuhan	
Hunan	Changsha	Yuhuating Mall•Changsha	CapitaMall Yuhuating, Changsha	
	Yiyang	Taohualun Mall•Yiyang	CapitaMall Taohualun, Yiyang	
Jiangxi	Nanchang	Chengnanyuan Mall•Nanchang	CapitaMall Chengnanyuan, Nanchang	
Chongqing	Chongqing	Jiulongpo Mall•Chongqing	CapitaMall Jiulongpo, Chongqing	
	Chongqing	Shapingba Mall•Chongqing	CapitaMall Shapingba, Chongqing	
Shaanxi	Xi'an	Xindicheng Mall•Xi'an	CapitaMall Xindicheng, Xi'an	

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Province	City	Name of Mall prior to Rebranding	Name of Mall after Rebranding (with City)
Sichuan	Chengdu	Jinniu Mall•Chengdu	CapitaMall Jinniu, Chengdu
	Chengdu	Shawan Mall•Chengdu	CapitaMall Shawan, Chengdu
	Chengdu	Tianfu Mall•Chengdu	CapitaMall Tianfu, Chengdu
	Deyang	Jingyang Mall•Deyang	CapitaMall Deyang
	Mianyang	Fucheng Mall•Mianyang	CapitaMall Fucheng, Mianyang
	Yibin	Nan'an Mall•Yibin	CapitaMall Nan'an, Yibin
	Chengdu	Raffles City Chengdu	Raffles City Chengdu
Anhui	Wuhu	Xinwu Mall•Wuhu	CapitaMall Wuhu
	Kunshan	Yushan Mall•Kunshan	CapitaMall Kunshan
Jiangsu	Yangzhou	Weiyang Mall•Yangzhou	CapitaMall Yangzhou
	Hangzhou	Raffles City Hangzhou	Raffles City Hangzhou
Zhejiang	Ningbo	Raffles City Ningbo	Raffles City Ningbo
	Shanghai	Luwan Site	To be determined
Shanghai	Shanghai	Longzhimeng Hongkou	Hongkou Plaza, Shanghai
	Shanghai	Longzhimeng Minhang	Minhang Plaza, Shanghai
	Shanghai	Qibao Mall•Shanghai	CapitaMall Qibao, Shanghai
	Shanghai	Raffles City Shanghai	Raffles City Shanghai
	Shanghai	Raffles City Changning	Raffles City Changning
	Fujian	Quanzhou	Jiangbin Mall•Quanzhou
Guangdong	Zhangzhou	Xiangcheng Mall•Zhangzhou	CapitaMall Zhangzhou
	Foshan	Guicheng Mall•Foshan	CapitaMall Guicheng, Foshan
Guangdong	Maoming	Maonan Mall•Maoming	CapitaMall Maoming
	Dongguan	Nancheng Mall•Dongguan	CapitaMall Dongguan
	Zhanjiang	Chikan Mall•Zhanjiang	CapitaMall Zhanjiang
	Zhaoqing	Duanzhou Mall•Zhaoqing	CapitaMall Zhaoqing

As at June 30, 2011, the NLA of the retail properties which were completed amounted to 18.4 million square feet and the NPI amounted to S\$135.1 million. The NPI Yield and occupancy rate as at June 30, 2011 for the completed malls that were operational prior to January 1, 2010 are 5.9% and 96.7%. The total number of leases was 5,523 as at June 30, 2011.

In the next three to five years, we intend to grow our portfolio of shopping malls in China to 100 shopping malls and entrench ourselves in the 34 cities in which we currently operate. We believe that a number of macro-economic, social and demographic factors are indicators of continued growth in domestic consumption in China and that this growth will, in turn, support the expansion of our portfolio of shopping malls. See “– Our Business Strategies – Capitalize on Asian Consumption and Other Growth Opportunities – China – an attractive market for shopping mall business.”

Under current PRC law, if a parcel of land slated for development is not developed or not sufficiently developed within a certain period of time, the land use rights to that parcel of land may be taken back by the state. See “Appendix IX – Description of Relevant Laws and Regulations – The PRC judicial system – Land for property development.”

As of June 30, 2011, all of our retail properties located in China are in material compliance with the regulations in respect of idle land. We have not acquired any new land for development in China since June 30, 2011, except as disclosed in “– Recent Developments.”

BUSINESS

PRC authorities have, in the last several years, reinforced and tightened the enforcement of the idle land regulations. See “Risk Factors – Risks Relating to Our Business Activities in China – We may be required to forfeit land if we fail to comply with the terms of land grant contracts.” We do not expect these reinforced regulations relating to idle land to have a material impact on our operations.

A breakdown of our retail property interests in China by the six business regions in which we operate, as of June 30, 2011, (where the GFA and property value of each of the properties is taken in its entirety regardless of the extent of our interest) is set out below:

Location	Number of Retail Properties	Total GFA (million sq.ft.)	% of GFA ⁽¹⁾	Property Value (S\$ billions)	% of Property Value ⁽²⁾
North	10	7.2	14.5%	2.4	23.0%
Northeast	6	5.0	10.0%	0.7	6.6%
East	11	16.6	33.5%	5.2	49.5%
Central	9	5.5	11.1%	0.7	6.2%
West	11	12.0	24.2%	1.2	11.0%
South	7	3.3	6.6%	0.4	3.8%
Total	<u>54</u>	<u>49.6</u>	<u>100.0%</u>	<u>10.5</u>	<u>100.0%</u>

(1) Calculated as a percentage of the aggregate GFA of each property in China in its entirety.

(2) Calculated as a percentage of the aggregate property value of each property in China in its entirety.

A breakdown of our retail property interests in China by region as of June 30, 2011 (where the GFA and property value of each of the properties is calculated based on our effective interest) is set out below:

Location	Number of Retail Properties	Total Effective GFA (million sq.ft.)	% of GFA ⁽¹⁾	Effective Property Value (S\$ billions)	% of Property Value ⁽²⁾
North	10	2.2	12.2%	0.7	23.9%
Northeast	6	1.9	10.1%	0.3	8.3%
East	11	3.8	20.9%	1.1	36.2%
Central	9	2.3	12.7%	0.3	8.9%
West	11	6.2	33.9%	0.5	15.2%
South	7	1.9	10.2%	0.2	7.5%
Total	<u>54</u>	<u>18.3</u>	<u>100.0%</u>	<u>3.0</u>	<u>100.0%</u>

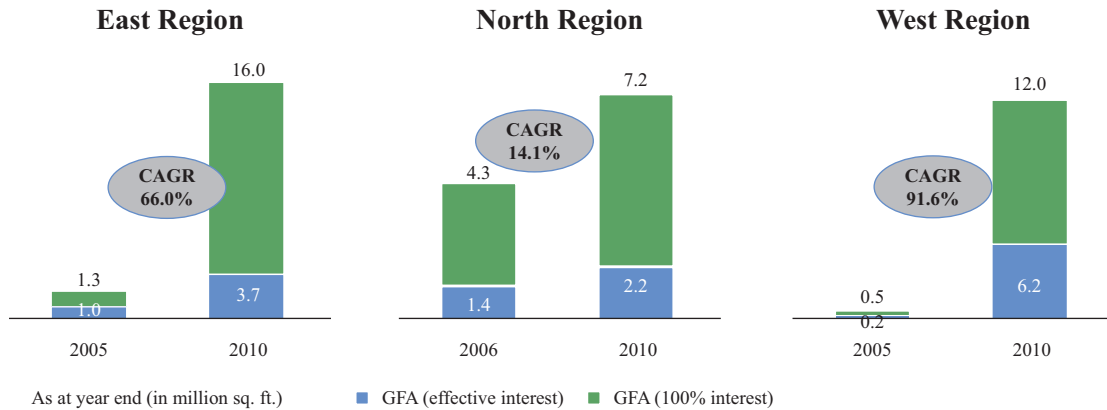
Notes:

(1) Calculated as a percentage of the aggregate GFA, based on our effective interest, of each property in China.

(2) Calculated as a percentage of the aggregate property value, based on our effective interest, of each property in China.

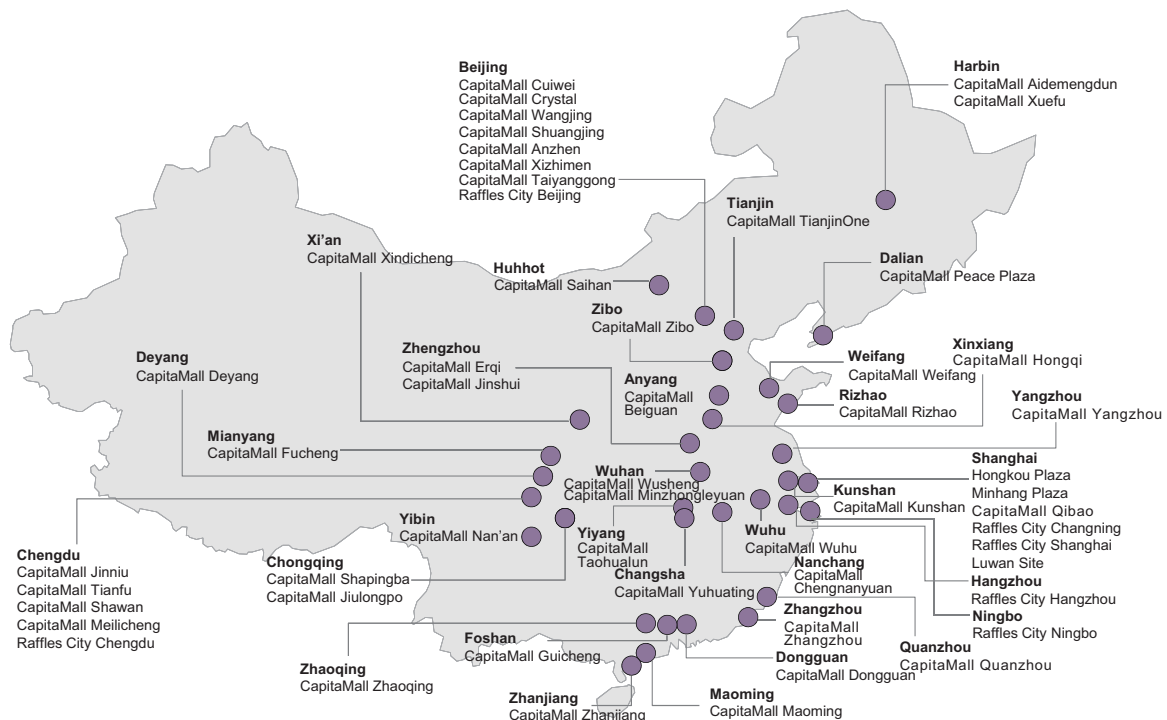
BUSINESS

We believe that, within a relatively short period of time, we have achieved a significant level of entrenchment in three key business regions – North, East and West – which include four cities (Beijing, Shanghai, Chongqing and Chengdu) with great economic potential. This entrenchment has afforded us a highly competitive market position in these regions, and further illustrates the strength of our localized employee teams, local knowledge-base and market recognition and tenant networks. The charts below show our GFA growth in these key regions:



For further information about our entrenchment in the West Region, see “– Case Studies – Market Entrenchment in the West Region.”

The locations of the 54 retail properties (of which 14 are under development) in China in which we have an interest and which we manage are set out in the map below:



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Case Studies

Market Entrenchment in the West Region

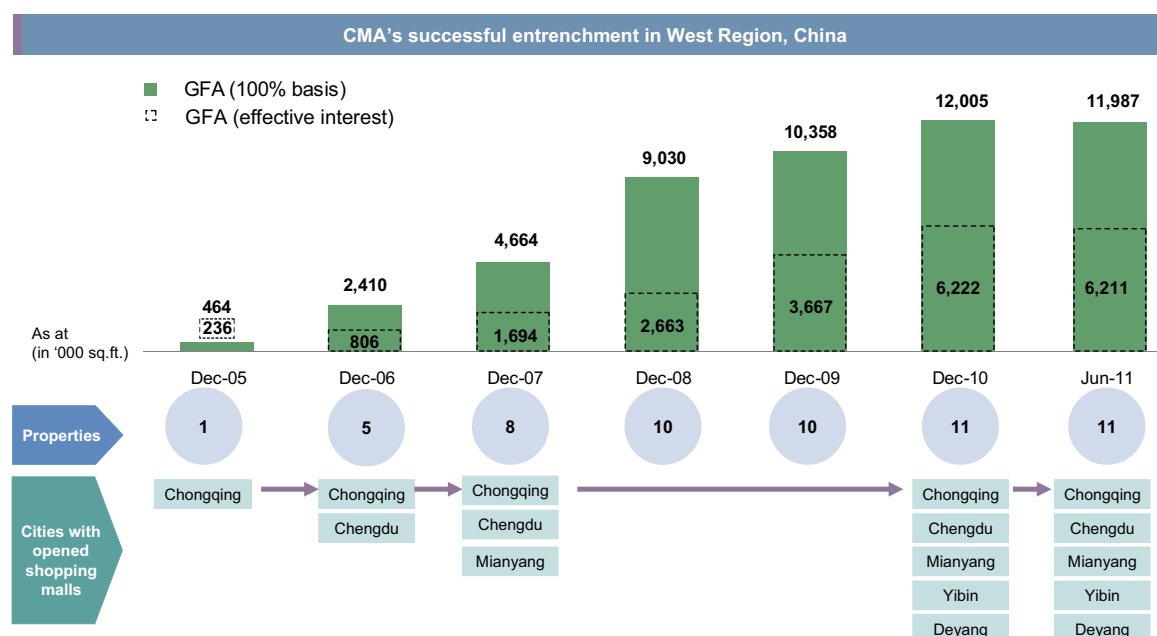
Key cities in our China West Region, which covers Sichuan, Chongqing and Shaanxi provinces, have witnessed substantial economic growth, with rapid growth of GDP, foreign direct investment and retail sales of consumer goods since 2005, the year we opened our first shopping mall in the region. See “Appendix V – Industry Overview – China Retail Market Overview.”

Our initial malls in this region included CapitaMall Jinniu in Chengdu and CapitaMall Shapingba in Chongqing, which were sourced with the help of local partners. Subsequently, we expanded our role by directly sourcing, developing and managing retail properties, including more standardized shopping malls such as CapitaMall Deyang in Deyang and CapitaMall Nan’an in Yibin, as well as customized retail properties such as Raffles City Chengdu, CapitaMall Tianfu and CapitaMall Meilicheng, which are all under development in Chengdu.

We have a sizeable local team in our West Region, consisting of 325 total employees with strong tenant relationships, sophisticated local knowledge, good relationships with local government and communities, and sound market recognition.

As at June 30, 2011, we had interests in 11 retail properties in six cities in the West Region, most of which are located within a two-hour drive from Chengdu, the capital of Sichuan province and one of western China’s most significant financial and transportation hubs. Of these 11 malls, five are in Chengdu; of those five, two are currently operational and three are under development of the remaining six properties in the west Region, five are currently operational and one is under construction in Xi’an, Shaanxi Province. With GFA of 12.0 million square feet, 1,019 individual leases and a total property valuation of S\$1.2 billion (100% basis) as of June 30, 2011, as well as our large local employee base, we believe we have successfully established an entrenched position in the West Region, in particular in Chengdu.

The graphic below illustrates our growth and entrenchment in the West Region from 2005 to June 30, 2011:



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We believe that the provinces comprising the West Region still have significant growth potential, and we intend to ride on this growth in the region in order to expand our business. We intend to further leverage on our local team, mall development and management resources, tenant networks and our other local relationships to further deepen our penetration and entrenchment.

Evolution of Our 3G Concept

The following graphic shows three case studies in the West Region to illustrate the evolution of our shopping malls:



Our “3G” concept has evolved to its current form as the result of extensive experience with a variety of shopping malls. Three of our shopping malls, CapitaMall Jinniu, CapitaMall Fucheng and CapitaMall Deyang, further illustrate this evolution.

Both CapitaMall Fucheng and CapitaMall Jinniu were brownfield projects involving our local partner, SZITIC. With these shopping malls, we did not have control over the mall layout or design, resulting in inefficient traffic circulation within the shopping malls. Due to these factors, the conversion cycle for each shopping mall has been relatively long, with CapitaMall Jinniu achieving NPI Yield of 5.3% in the three years since opening and CapitaMall Fucheng achieving NPI Yield of 4.8% in the three years since opening. We have demonstrated our mall management capability in increasing customer traffic and improving investment returns with both shopping malls. Shopper traffic at CapitaMall Jinniu has increased 80.4% from 2007 to 2010, while shopper traffic at CapitaMall Fucheng has increased 68.1% from 2008 to 2010. We believe that this is a testament to our ability to bring in the right tenant mix and organize sales and promotional events to retain and attract customers.

Projects such as CapitaMall Fucheng and CapitaMall Jinniu have provided us with positive returns and, more importantly, the opportunity to gain valuable local business experience, build our local team, establish local market recognition and lay the foundation for our expansion in China.

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CapitaMall Deyang is an example of a more localized approach to development involving a greater degree of direct involvement and control. This property was a greenfield project in collaboration with SZITIC. However, in the case of CapitaMall Deyang, we retained more control over the mall layout and design. We believe that this control has resulted in more direct access for specialty tenants, better integration of vertical transportation systems (such as escalators and elevators) and generally a better layout that facilitates both vertical and horizontal shopper traffic circulation – all of which, in turn, has resulted in a shortened conversion cycle, achieving NPI Yield of 6.7% in just one year from opening. We believe that this project has been a critical step in confirming and refining our modular approach to development, and has provided us with the further opportunity to establish our local team and build our tenant base and government relationships.

Malaysia

In Malaysia, we have interests in and manage five shopping malls measuring approximately 4.7 million square feet in total GFA. Our interests in four of these properties are held through CMMT. We have an interest of 41.74% in CMMT as of June 30, 2011. We are also the REIT manager of CMMT. See “– Our investments in REITs and private real estate funds.” We hold our interest in the fifth mall (90.7% of the rental strata area), Queensbay Mall in Penang, through an asset-backed securitisation structure, in which we hold 100.00% of one class of the issued notes. See “– Recent Property Acquisitions – Queensbay Mall in Penang, Malaysia”. In June 2011, the trustee of CMMT entered into a conditional agreement to purchase East Coast Mall in Kuantan. We expect this transaction to be completed by the fourth quarter of 2011. See “– Other recent property acquisitions made by our REITs – East Coast Mall in Kuantan, Malaysia.”

A summary of our portfolio of retail property interests in Malaysia is set out in the table below. Details of each asset are set out in “Appendix III – Details of Our Property Interests.”

Holding Structure	Number of Retail Properties		Total
	Completed	Under Development	
Held through subsidiaries	1	–	1
Held through CMMT	4 ⁽¹⁾	–	4
Total	5	–	5

Note:

(1) Includes East Coast Mall. Completion of the acquisition of East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition.

Set out below is the aggregate of the GFA and property value of the above properties (based on 100% basis), as of June 30, 2011:

Total GFA	4.7 million sq.ft.
Total property value	S\$1,277.5 million

Set out below is the aggregate of the GFA and property value of the above properties (based on effective interest), as of June 30, 2011:

Total GFA	2.5 million sq.ft.
Total property value	S\$691.3 million

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As at June 30, 2011, the NLA of the retail properties which were completed amounted to 3.3 million square feet and the NPI amounted to S\$36.1 million. The NPI Yield and occupancy rate as at June 30, 2011 for the completed malls that were operational prior to January 1, 2010 are 6.4% and 97.3%. The total number of leases amounted to 1,401 as at June 30, 2011.

The locations of the five shopping malls in Malaysia in which we have an interest are set out in the map below:



Japan

In Japan, we own interests in and manage seven shopping malls in Hokkaido, Tokyo, Osaka and Kobe. We hold our ownership interests through our private fund, the Japan Fund, in which we have a 26.29% interest as of June 30, 2011. See “– Our investments in REITs and private real estate funds.”

A summary of our property portfolio in Japan is set out in the table below. Details of each asset are set out in “Appendix III – Details of Our Property Interests.”

Holding Structure	Number of Retail Properties		
	Completed	Under Development	Total
Japan Fund.	7	–	7

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Set out below is the aggregate of the GFA and property value of the above properties (based on 100% basis), as of June 30, 2011:

Total GFA	1.8 million sq.ft.
Total property value	S\$598.9 million

Set out below is the aggregate of the GFA and property value of the above properties (based on effective interest), as of June 30, 2011:

Total GFA	0.5 million sq.ft.
Total property value	S\$157.4 million

As at June 30, 2011, the NLA of the retail properties which were completed amounted to 1.5 million square feet and the NPI amounted to S\$11.2 million. The NPI Yield and occupancy rate as at June 30, 2011 for the completed malls that were operational prior to January 1, 2010 were 3.7% and 94.8%. The total number of leases was 90 as at June 30, 2011.

The locations of the seven shopping malls in Japan in which we have an interest and which we manage are set out in the map below:



In April 2011, our Company signed a memorandum of understanding with PARCO Co., Ltd. (“PARCO”), a shopping mall owner and manager in Japan, in order to explore business collaborations in Japan and China.

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Our March 11, 2011, the area around Fukushima in Japan experienced a severe earthquake and tsunami, which caused significant damage to buildings and infrastructure in the region, including a nuclear power plant. Our seven shopping malls in Hokkaido, Tokyo, Osaka and Kobe are not located in close proximity to the Fukushima area in northern Japan. Our malls did not suffer any material structural damage for the March 11 earthquake and tsunami. As such, the earthquake and tsunami did not have a material adverse effect on the operations of our shopping malls in Japan. See “Risk Factors – Risks Relating to our Business Activities in Japan – Our business in Japan may be affected by the recent earthquakes and tsunami of March 11, 2011.” Our malls comply with applicable seismic safety standards although potential risks may still exist. See “Risk Factors – Our properties in Japan may violate earthquake resistance building codes, requiring expenditure by us to strengthen or destroy the properties or repair extensive damage caused to the properties during an earthquake”.

India

We have interests in and manage seven retail development projects and two completed shopping malls in India through a 45.45% interest in the India Development Fund as of June 30, 2011. See “– Our investments in REITs and private real estate funds.” The India Development Fund holds these nine retail properties through joint ventures with either Advance India Projects Limited or Prestige Estates Projects Limited (formerly known as Prestige Estates Projects Private Limited), both of whom are property developers based in India.

A summary of our properties portfolio in India is set out in the table below. Details of each asset are set out in “Appendix III – Details of Our Property Interests.”

Holding Structure	Number of Retail Properties		Total
	Completed	Under Development⁽¹⁾	
India Development Fund	2	7	9

Note:

(1) Properties are in various stages of development.

Set out below is the aggregate of the GFA and property value of the properties in our India portfolio (on a 100% basis) as of June 30, 2011:

Total GFA	6.4 million sq.ft.
Total property value	S\$503.2 million

Set out below is the aggregate of the GFA and property value of the above properties in our India portfolio (based on effective interest) as of June 30, 2011:

Total GFA	1.3 million sq.ft.
Total property value	S\$101.5 million

As of June 30, 2011, the NLA of Forum Value Mall, Bangalore, which was the only mall in our Indian portfolio that was operational as of June 30, 2011, amounted to 0.5 million square feet and the NPI amounted to S\$1.8 million. The NPI Yield and occupancy rate as of June 30, 2011 for Forum Value Mall, Bangalore were 6.3% and 91.6%. The total number of leases was 106 as at June 30, 2011. The Celebration Mall, Udaipur became operational in July 2011.

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The locations of the nine retail properties in India in which we have an interest and which we manage are set out in the map below:



Recent Property Acquisitions

For property acquisitions after June 30, 2011, see “– Recent Developments”.

Luwan Site in Shanghai, China

On November 8, 2010, we announced that we had, through one of our wholly-owned subsidiaries, entered into an agreement to obtain an effective 66.0% interest in the Luwan Site, which is a shopping mall and office development in Shanghai, China. The total development cost of developing the Luwan Site is projected to be approximately RMB3.86 billion, or around RMB30,400 per square meter of GFA, including land costs.

The Luwan Site is strategically located at the junction of Xujiahui Road and Madang Road in Luwan district, Shanghai. It is directly connected to the existing Madang Road interchange station via two subway lines – Line 9, which connects site to the Lujiazui central business district located six stations away and the Xujiahui shopping stretch, and Line 13, which extends to the southern part of Shanghai. Line 13 was previously connected to the World Expo site. The Luwan Site is also near Xintiandi, a key dining and entertainment area with a premier office component. The area is densely populated, with an estimated one million residents living in mid to high-end apartments within a three-kilometre radius.

We completed the acquisition of the Luwan Site on February 28, 2011. With respect to the various rights of first refusal granted to CRCT and the private real estate funds, discussed in greater detail in “Rights of First Refusal over Properties – China,” the Luwan Site was not subject to such a right by CRCT due to the fact that the terms of CRCT’s right of first refusal extend only to completed properties. Separately, the private real estate funds did not exercise their right of first refusal over the site as the committed capital for the funds had been fully drawn at the time of acquisition.

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Queensbay Mall in Penang, Malaysia

On December 22, 2010, we announced that we were acquiring the Queensbay Mall in Penang, Malaysia, for about RM651.8 million, through our subsidiaries and an asset-backed securitisation structure. In connection with the proposed acquisition, we established a special purpose vehicle (“SPV”) and four subsidiaries in Malaysia, and they collectively hold 90.7% of the retail strata areas (approximately 916,181 sq. ft.) and all the car park spaces of the Queensbay Mall. The 90.7% of the retail strata areas have an NLA of 890,710 sq.ft. as at June 30, 2011. The remaining 9.3% of the retail strata area of the Queensbay Mall is held by third-party investors.

The SPV is an asset backed securitization vehicle which was set up to facilitate the funding of the acquisition of the Queensbay Mall. Pursuant to the asset-backed securitisation structure, we, through our wholly-owned subsidiary Omnitrix Investment Pte Ltd, subscribed for 100% of Subordinated Medium Term Notes in a principal amount of RM460.0 million issued by the SPV. The SPV also issued Senior Class A Notes and Senior Class B Notes in an aggregate principal amount of RM200.0 million, which were fully subscribed by an institutional investor.

As of the Latest Practicable Date, the Queensbay Mall is Penang’s largest mall. Queensbay Mall is conveniently located at Bayan Lepas along the south-eastern shorefront of Penang island and about 20 minutes’ drive from Penang International Airport. It is a family lifestyle mall located at the heart of a 73-acre prime waterfront integrated development which comprises a hotel, a wide range of residential homes and planned office towers. It is easily accessible from the north of the Penang island via the Jelutong Expressway, and from the south via the Bayan Lepas Expressway.

We completed the acquisition of Queensbay Mall on April 1, 2011. With respect to the right of first refusal granted to CMMT, discussed in greater detail in “Rights of First Refusal over Properties – Malaysia,” Queensbay Mall was subject to such a right by CMMT; however, CMMT elected not to purchase the property.

Jurong Gateway Site in Singapore

Our joint tender with CMT and CapitaLand totalling approximately S\$969.0 million for a parcel of land at the Jurong Gateway precinct in Western Singapore was accepted by the Urban Redevelopment Authority (“URA”) on May 30, 2011. The joint tender was submitted through JG Trustee (in its capacity as trustee of Infinity Mall Trust) and JG2 Trustee (in its capacity as trustee of Infinity Office Trust). Through wholly owned subsidiaries, we hold a 50% interest in each trust, with CMT and CapitaLand holding the other 30% and 20% interests in each trust, respectively.

The property is conveniently located in the prime area near the Jurong East MRT interchange and the Jurong East bus interchange. The current plan is for the site to be developed into a retail-cum-office development. The site is approximately 195,463 square feet with a maximum permissible GFA of 957,772 square feet, of which an estimated 60% will be utilised to develop a shopping mall.

We estimate the total development costs of this project to be approximately S\$1.5 billion and expect that the shopping mall will commence operations in advance of the Christmas shopping season in 2013, with the office component to be completed in 2014.

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Other recent property acquisitions made by our REITS

Iluma in Singapore

On April 1, 2011, CMT acquired the shopping mall known as “Iluma” (“Iluma”) in Singapore for S\$295.0 million.

Iluma, which opened in early April 2009, is located opposite Bugis Junction shopping mall at Victoria Street, Singapore. Bugis Junction is also one of CMT’s existing properties. The area is one of Singapore’s hubs for the arts and education, and both malls generally attract younger shoppers in their 20’s and 30’s. Iluma has an NLA of 184,217 square feet, and contains a mix of retail, food and beverage and entertainment outlets. It is connected via a link-bridge to Bugis Junction, and together these shopping malls create a combined shopping destination with an NLA of more than 605,000 square feet.

Gurney Plaza Extension in Penang, Malaysia

On March 28, 2011, CMMT acquired Gurney Plaza Extension for RM215.0 million.

The property is a nine storey retail extension block adjoining Gurney Plaza, which is also owned by CMMT, and is located in Georgetown in the state of Penang, Malaysia. As part of the acquisition, CMMT also acquired 129 car parking bays in Basement 2 of Gurney Plaza. Including the retail area in Gurney Plaza Extension, Gurney Plaza and Gurney Plaza Extension have an aggregate NLA of 848,037 square feet as of 30 June 2011.

East Coast Mall in Kuantan, Malaysia

On June 14, 2011, AmTrustee Berhad, the trustee of CMMT, entered into a conditional sale and purchase agreement on CMMT’s behalf to acquire East Coast Mall in Kuantan, a metropolitan area on the east coast of peninsular Malaysia. The total acquisition cost, including fees and expenses, is approximately RM330.0 million and will be funded by a combination of debt and equity.

East Coast Mall is a four-storey shopping mall with one basement level. The mall comprises retail spaces on the ground, first, second and third floors, and boasts 1,170 car parking bays at the basement level, the ground floor, third floor and on the rooftop. It has an NLA of more than 441,000 square feet. Opened in April 2008, it is the newest mall in Kuantan as at the Latest Practicable Date.

The proposed acquisition and equity issuance are subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition. The transaction is expected to be completed by the fourth quarter of 2011.

CapitaMall Minzhongleyuan in Wuhan, Hubei Province, China

On May 5, 2011, HSBC Institutional Trust Services (Singapore) Limited, on behalf of CRCT, entered into a conditional share purchase agreement for the acquisition of CapitaMall Minzhongleyuan located in Wuhan, Hubei Province, China. The purchase consideration was S\$69.8 million, which includes the agreed property price of RMB395.0 million. The property comprises a seven-storey conserved building and a seven-storey annexed building, which together provide approximately 23,350 square meters of NLA as of June 30, 2011. The property enjoys prime frontage along Zhongshan Avenue, an established shopping and entertainment belt and one of the busiest streets in Wuhan, China.

The acquisition was completed on June 30, 2011.

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Our property development and investment activities

The development of our shopping malls is an important part of our integrated business model. Development includes sourcing of the land on which the shopping mall is to be built (or sourcing of existing shopping malls to be acquired), design of the shopping mall, management of the construction of the shopping mall and any other activities preceding the actual opening of the shopping mall for operations.

In Singapore, our development efforts have, in the past, focused both on acquiring existing shopping malls and then refurbishing them, and on acquiring land and designing and constructing new shopping malls. The new shopping malls we have designed and constructed have generally been located in prime shopping areas, either near public transport or integrated with public transport such as subway stations, and have been targeted toward high-end retailers and consumers. These shopping malls are highly customized, with innovative and artistic designs that address consumer preferences and incorporate features like direct access to subway stations.

We do not undertake construction work for our development projects and asset enhancement initiatives ourselves, but rather appoint contractors to perform this work. Our contractor selection process is generally localized, with our local management teams responsible for appointing unaffiliated, third-party contractors based on a variety of factors, including cost, reputation, quality and expertise. The process is competitive through an invitation to tender or price quotations. Our arrangements with contractors vary; the most common arrangements is a master/main contract with a master/main contractor. Sub-contractors may be selected independently by the master/main contractor(s) or by us to work with the master/main contractor(s) depending on the nature of the project. Our working relationship with our current pool of contractors ranges from one to eight years. Almost all of our capital expenditure amounts during the Track Record Period and the six months ended June 30, 2011 were amounts paid to contractors in respect of property development and asset enhancement initiatives. See “Financial Information – Historical Capital and Development Expenditure.”

In the course of designing and developing the properties that we own and manage, we must take into account, in addition to general zoning law, any local requirements that require developers to develop a particular percentage of a specific development or property as retail property or that otherwise restrict the usage of the land. Such requirements may differ from jurisdiction to jurisdiction and from individual land parcel to individual land parcel, in accordance with the specifications of the local authorities that are inviting bids for a particular development, site or property. Generally, such specific requirements are only made known to bidders when a particular development site is made available for tender. Where such requirements exist (for example, in China), the terms of usage of the land are generally prescribed in the relevant land use rights certificates or title documents.

Our investments in REITs and private real estate funds

We hold the majority of our property interests through our investments in REITs and private real estate funds. A REIT is an investment vehicle which invests in different kinds of real estate and real estate-related assets. Where possible, REITs are typically structured as pass-through vehicles which are able to distribute the majority of their income to investors, including us, without taxation at the REIT level. With respect to our investments in private retail real estate funds, we create these funds and commit capital at the outset of the funds, and this capital is then drawn down as investment opportunities become available, generally over a three- to six-year investment period. To the extent committed capital is not utilized at the expiry of the investment period, the investor simply retains the unutilized amount. Any profits from our investments in the funds will generally be returned to us as investors when the fund makes divestments.

We generally seek to monetize assets through REITs and private real estate funds, thus allowing us to preserve and recycle capital for further acquisitions. In furtherance of this objective, we divested three properties in Malaysia to form the seed assets for the listing of CMMT in July 2010, as described in greater detail below, and completed the sale of Clarke Quay to CMT.

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Generally, REITs are investment vehicles that are expected to provide investors with stable and regular dividend; and hence, the more appropriate assets for REITs are stable, income-producing properties. The REITs listed in Singapore are permitted to undertake development projects, subject to a limit of 10% of total assets (based on latest valuation). For the other projects which are not has yet to be stabilized, we would acquire those projects by using our own balance sheet or private funds. Given our strong capital management capabilities, we will seek to adapt an investment structure that will maximize our capital productivity while achieving an optimal capital structure.

We typically retain a stake in the REITs and private real estate funds that we manage. In order to ensure that we have sufficient funding for maintaining our desired percentage of investment in the funds, we rely on various funding options, including monetization of assets and borrowings. During the Track Record Period and the six months ended June 30, 2011, we did not experience any undue difficulties in raising capital for investments in the REITs and private real estate funds that we manage.

CMT

We have a 29.72% interest in CMT as of June 30, 2011. CMT was the first REIT listed on the SGX-ST on July 17, 2002. It is also the largest listed REIT in Singapore by asset size of approximately S\$8.8 billion and by market capitalization of approximately S\$6.0 billion as of June 30, 2011. CMT owns and invests in income-producing assets which are used, or predominantly used, for retail purposes primarily in Singapore. CapitaMall Trust Management Limited (“CMTML”), our wholly-owned subsidiary, is the asset manager of CMT, and receives asset management fees from CMT in exchange for providing this service. As of June 30, 2011, CMT had more than 2,500 leases with international and domestic retailers and had a committed occupancy rate of 98.1%. CMT owns the following 16 retail properties which are located either in suburban or downtown areas in Singapore: Tampines Mall, Junction 8, Funan DigitaLife Mall, IMM Building, Plaza Singapura, Bugis Junction, Sembawang Shopping Centre, JCube, Hougang Plaza, a 40.00% interest in Raffles City Singapore, Lot One Shoppers’ Mall, Bukit Panjang Plaza, Rivervale Mall, The Atrium@Orchard, Clarke Quay and Iluma.

CMT also has an equity interest of approximately 17.87% in CRCT as of June 30, 2011.

CRCT

We have an effective interest of 26.97% in CRCT as of June 30, 2011. CRCT was listed on the SGX-ST on December 8, 2006 and was the first listed REIT in Singapore focused entirely on retail properties in China. CRCT was established with the objective of investing on a long-term basis in a diversified portfolio of income-producing properties used primarily for retail purposes and located primarily in China, Hong Kong and Macau. CapitaRetail China Trust Management Limited, our wholly owned subsidiary, is the asset manager of CRCT, and receives asset management fees from CRCT in exchange for providing this service. As of June 30, 2011, CRCT’s portfolio comprised nine retail properties located in six key cities in China. The properties are: CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Shuangjing and CapitaMall Anzhen in Beijing, CapitaMall Qibao in Shanghai, CapitaMall Erqi in Zhengzhou, Henan Province, CapitaMall Saihan in Huhhot, Inner Mongolia, CapitaMall Wuhu in Wuhu, Anhui Province and CapitaMall Minzhongleyuan in Wuhan, Hubei Province. CRCT has a total asset size of approximately S\$1.4 billion and a market capitalization of approximately S\$837.5 million as of June 30, 2011.

CMMT

We have an interest of 41.74% in CMMT as of June 30, 2011. CMMT was listed on the main market of Bursa Malaysia Securities Berhad in Malaysia on July 16, 2010. CMMT was established with the objective of investing in a portfolio of income producing real estate primarily used for retail purposes and located primarily in Malaysia. CapitaMalls Malaysia REIT Management Sdn. Bhd., our majority-owned subsidiary, is the fund manager of CMMT, and receives fund management fees from CMMT in exchange for providing this service. As of June 30, 2011, CMMT’s portfolio consisted of four properties: Gurney Plaza in Penang, an interest in Sungei Wang Plaza in Kuala Lumpur, The Mines in Selangor and East Coast Mall in Kuantan. In July 2010, we announced our intention to acquire Gurney Plaza Extension, which we completed in March 2011. In June 2011, the trustee of CMMT entered into a conditional agreement to

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purchase East Coast Mall in Kuantan. We expect this transaction to be completed by the fourth quarter of 2011. As of June 30, 2011, CMMT has a total asset size of RM2.6 billion and a market capitalization of RM1.9 billion.

China Income Fund (formerly known as CapitaRetail China Development Fund)

We have an interest of 45.00% in China Income Fund as of June 30, 2011. We sponsored the establishment of the fund (which at the time was a development fund and was named CapitaRetail China Development Fund) on June 6, 2006, with a total committed capital of US\$600.0 million. The fund was upsized to US\$900.0 million and converted to China Income Fund on May 25, 2011. China Income Fund invests primarily in the retail property in various parts of China. As of June 30, 2011, approximately 91.0% of the committed capital of the upsized fund had been drawn. China Income Fund is party to certain right of first refusal arrangements with us and our other funds, as set out in “– Rights of First Refusal over Properties – China.” We have committed to invest and maintain our investment at no less than 45.00% of China Income Fund’s total committed capital.

China Development Fund II

We have an interest of 45.00% in China Development Fund II as of June 30, 2011. We sponsored the establishment of China Development Fund II on September 6, 2007, with a total committed capital of S\$900.0 million. This fund invests primarily in retail property developments in various parts of China. As of June 30, 2011, the committed capital of the fund was fully drawn. China Development Fund II is party to certain right of first refusal arrangements with us and our other funds, as set out in “– Rights of First Refusal over Properties – China.” We have committed to invest and maintain our investment at no less than 45.00% of China Development Fund II’s total committed capital.

China Incubator Fund

We have an interest of 30.00% in the China Incubator Fund as of June 30, 2011. We sponsored the establishment of China Incubator Fund on June 6, 2006 with a total committed capital of US\$425.0 million. The fund invests in retail properties in various parts of China with the long-term potential to generate income after repositioning, asset enhancement initiatives or leasing activities to increase occupancy rates. As of June 30, 2011, the committed capital of the fund has been fully drawn. China Incubator Fund is party to certain right of first refusal arrangements with us and our other funds, as set out in “– Rights of First Refusal over Properties – China.” We have committed to maintain our investment at no less than 30.00% of China Incubator Fund’s total committed capital.

Raffles City China Fund

We have an interest of 15.00% in Raffles City China Fund as of June 30, 2011. Raffles City China Fund was formed on July 15, 2008 with a total committed capital of US\$1.0 billion, and was subsequently upsized to US\$1.2 billion. As of June 30, 2011, 6.3% of the capital commitments of the Raffles City China Fund remains undrawn. It is the largest private equity fund originated and managed by CapitaLand to-date. The fund is CapitaLand’s first integrated development fund in China with the principal investment objective of investing in prime mixed-use commercial properties in key gateway cities in China. Currently, there are five Raffles City-branded integrated developments in China, namely Raffles City Shanghai, Raffles City Beijing, Raffles City Chengdu, Raffles City Hangzhou and Raffles City Ningbo (which was injected to the fund in April 2010).

Japan Fund

We have an interest of 26.29% in the Japan Fund as of June 30, 2011. We sponsored the establishment of Japan Fund on April 16, 2004 and as of its final closing on March 31, 2005, it had a total committed capital of ¥44.1 billion. The Japan Fund was formed to invest in income-producing retail investment properties in Japan. As of June 30, 2011, approximately 10.0% of the capital commitments of the Japan Fund remain undrawn. The Japan Fund has acquired seven retail properties in Tokyo, Osaka, Hokkaido and Kobe.

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India Development Fund

We have an interest of 45.45% in the India Development Fund as of June 30, 2011. We sponsored the establishment of the India Development Fund on November 22, 2007, and, as of June 30, 2011, the fund has a total committed capital of S\$738.0 million. The India Development Fund invests primarily in retail properties developments in various parts of India. As of June 30, 2011, approximately 62.6% of the capital commitments of the India Development Fund remain undrawn. The India Development Fund has entered into separate joint venture agreements with Advance India Projects Limited and Prestige Estates Projects Limited (formerly known as Prestige Estates Projects Private Limited) to jointly invest in and manage retail properties in India. The India Development Fund currently has a portfolio of nine projects, all of which are held under these joint ventures. We have committed to maintain our investment at no less than 40.00% of the India Development Fund's total committed capital.

Horizon Realty Fund

The Horizon Realty Fund is a private real estate fund which was established to invest in retail properties in India. As of June 30, 2011, the fund has a total committed capital of US\$350.0 million, among which, US\$75.0 million is committed by the Company. The portfolio of Horizon Realty Fund comprises interests in five properties in India, being (i) a 22.5% interest in Kurla located in Mumbai, (ii) a 26.0% interest in Whitefield located in Bangalore, (iii) a 51.0% interests in Amanora located in Pune, (iv) a 50.0% interest in Hi-Tech City located in Hyderabad and (v) 45.0% interests in Kavadiiguda, also located in Hyderabad. These assets comprise mainly retail components. The size of each property range from 1.2 million square feet to 5.2 million square feet and total GFA of about 13.5 million square feet (on a 100% basis), As we only have a 21.43% interest in the Horizon Realty Fund, our effective interest in each of the properties is approximately 10.0% or less and the aggregate percentage of property value attributable to the five properties comprises only approximately 0.27% of the total property value of our Company as of December 31, 2010. We also do not have any voting control or day to day management rights over the Horizon Realty Fund or its assets, including the five aforesaid properties.

Rights of First Refusal over Properties

We have granted various "rights of first refusal" to the REITs and private real estate funds for which we or one of our subsidiaries acts as manager. A "right of first refusal" is a contractual arrangement whereby the entity granted the right has, subject to various conditions, an initial option to purchase or lease property which is (a) proposed for acquisition by us or our subsidiaries, or (b) proposed for disposal by us or our subsidiaries. The grant comes into effect at the time of the initial public offering, in the case of a REIT, or at the time of formation, in the case of a private real estate fund. In the case of the "rights of first refusal" arrangements that we have entered into, the various conditions to which a right is subject may include, but are not limited to, (i) the stage of development of the property (whether completed or under development), and (ii) the use or projected use of the property, which typically must be primarily for retail purposes. When deciding to either acquire or refuse to acquire a property, the entity granted the right will consider a number of factors, including the availability of capital and the suitability of the investment in light of the entity's investment objectives. If a REIT or private real estate fund chooses to exercise its right and acquire a property, such entity would be responsible for the fund raising required to complete the acquisition, if any. If and when the acquisition is successfully completed, the relevant management company would realize management fees in respect of the property, subject to and in accordance with the relevant agreement in place with the REIT or private real estate fund, as the case may be. If the REIT or private real estate fund that is granted the right refuses to acquire a given property, the right expires with respect to that property but will continue to exist with respect to future properties which fulfill the agreed conditions.

The details of the various rights of first refusal arrangements we have entered into are set forth below.

Singapore

We have granted for the benefit of CMT a right of first refusal to acquire leasehold interests (of at least ten years) in completed income-producing properties located in Singapore and used, or substantially used, for retail purposes if the property is identified by us as suitable for acquisition and at least 50.0% of the total NLA of the property is rented out. This right of first refusal has been granted for so long as CMTML is a manager of CMT and CMTML is a subsidiary of CapitaLand.

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China

A series of agreements involving us, CRCT, China Income Fund, China Development Fund II and China Incubator Fund establishes various rights of first refusal with respect to (i) the divestment of any property (including, if applicable, the relevant equity shares or other interests through which such property is held) in China held by some of these entities or (ii) certain proposed acquisitions by us. Such rights of first refusal may be exercised by the relevant entity for so long as (a) the current fund manager of the relevant entity is a subsidiary of CapitaLand (where the relevant entity is a fund); and/or (b) CapitaLand remains, directly or indirectly, the controlling shareholder (as defined in the SGX Listing Manual) of the current REIT manager of CRCT (except in relation to the right of first refusal granted by us to China Income Fund and the right of first refusal granted by China Development Fund II to CRCT, where the current REIT manager of CRCT needs to remain a subsidiary of CapitaLand). In summary, these rights of first refusal are as follows:

- where we or any of our subsidiaries identify and target for acquisition a completed retail property in China, which shall include any property with at least 65.0% of the GFA let out for retail use or 65.0% of the rental income derived from retail tenants, CRCT shall have a right of first refusal to purchase such property, and if such right is not exercised by CRCT, then China Incubator Fund shall have such a right; if neither CRCT nor China Incubator Fund exercise such rights, then we or any of our subsidiaries may purchase such property;
- where we or any of our subsidiaries identify and target for acquisition a retail property development situated in China, in respect of which structural work has not been completed, which shall include any mixed-use development with at least 65.0% of the GFA of the development proposed to be let out for retail use or at least 65.0% of its rental income is proposed to be derived from retail tenants, China Income Fund shall have a right of first refusal to purchase such property, and if such right is not exercised by China Income Fund, then China Development Fund II shall have such right; if neither China Income Fund and China Development Fund II exercise such rights, then we or any of our subsidiaries may purchase such property;
- in the case of an acquisition by China Income Fund, which shall include any property with at least 65.0% of the GFA of the property or at least 65.0% of the rental income derived from retail tenants, CRCT shall have a first right of refusal;
- in the case of a divestment by China Income Fund, CRCT shall have a right of first refusal to purchase the relevant property, and if such right is not exercised by CRCT, then China Incubator Fund shall have such a right;
- in the case of a divestment by China Development Fund II or China Incubator Fund, CRCT shall have a right of first refusal to purchase the relevant property.

In each case, the relevant holder of the right of first refusal is given a certain time period within which to exercise the right. Further, in the case of a divestment by China Income Fund, China Development Fund II or China Incubator Fund, where the relevant vendor intends to sell the relevant property to a third party on terms more favorable than those originally notified to CRCT or China Incubator Fund, as the case may be, within three months from (and including) the date on which CRCT or China Incubator Fund is deemed not to have exercised its right of first refusal, the right of first refusal shall apply to such a sale on the same terms proposed to the third party.

Malaysia

We have granted for the benefit of CMMT, a right of first refusal over any completed property situated in Malaysia (including the shares or equity interests in a single purpose company or entity which holds such retail property) that has an occupancy rate of at least 90.0%, which we may in future identify and target for acquisition. The right of first refusal also extends to any proposed acquisition by us or by any of our subsidiaries of completed properties in Malaysia where at least 65.0% of the GFA is proposed to be sold or leased for retail use, or at least 65.0% of its rental income is or is proposed to be derived from retail tenants, or at least 65.0% of the value of the property (being the total amount invested or to be invested in such asset, property or development) is allocable to the retail component. CMMT shall have the right of first refusal to purchase such relevant Malaysian retail property, and if such right is not

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exercised by CMMT, then we or any of our subsidiaries shall be free to purchase the relevant Malaysian retail property on such terms and conditions as we may deem fit, without being accountable, liable or having any obligation whatsoever to CMMT.

We have also provided an undertaking to CMMT that we will not sponsor or act as the manager of another REIT or any listed company in Malaysia that competes or will compete for the acquisition of relevant Malaysian retail property. In the event that we should sponsor a Malaysian retail property fund for the acquisition and/or development of relevant Malaysian retail property, we will endeavour to procure such fund to grant CMMT a right of first refusal in relation to any relevant Malaysian retail property of which the fund wishes to dispose.

The right of first refusal may be exercised and the undertaking is effective for so long as CapitaMalls Malaysia REIT Management Sdn. Bhd. remains as the REIT manager of CMMT and a subsidiary of CMA.

India

We have granted for the benefit of the India Development Fund a right of first refusal over retail properties located in India with certain specified characteristics (as described below) which we may, at any time, identify for acquisition. Such right of first refusal may be exercised by the India Development Fund for as long as the fund manager of the India Development Fund is a subsidiary of CapitaLand.

Pursuant to the right of first refusal, in case we or any of our subsidiaries identify and target for acquisition a retail property development (including the shares or equity interests in a single purpose company or entity which holds such retail property development) situated in India in respect of which structural work has not been completed, the India Development Fund shall have the right of first refusal to purchase such property, and if such right is not exercised by the India Development Fund, then we or any of our subsidiaries shall be free to purchase the relevant property on such terms and conditions as we may deem fit, without being accountable, liable or having any obligation whatsoever to the India Development Fund. This right of first refusal also extends to any proposed acquisition by us or by any of our subsidiaries of retail properties situated in India where at least 65.0% of the GFA is proposed to be leased for retail use or at least 65.0% of the rental income is proposed to be derived from retail tenants.

Our Management Business

We derive our fee-based income primarily from acting in one or more of the roles of fund or REIT manager and/or mall manager to the three REITs and six private real estate funds in which we have interests. We also act as development and project manager for the various asset enhancement works and development projects for the retail properties. We generally manage the funds or REITs in which we also have an ownership interest.

The following table summarizes the types of management roles we have in each of these REITs and private real estate funds as of June 30, 2011:

	% Owned	Fund/REIT Manager	Mall Manager
REITs			
CMMT	41.74	✓	_(1)
CMT	29.72	✓	✓
CRCT	26.97	✓	✓
Private Real Estate Funds			
China Development Fund II	45.00	✓	✓
China Income Fund	45.00	✓	✓
China Incubator Fund	30.00	✓	✓
India Development Fund	45.45	✓	✓
Japan Fund	26.29	✓	✓
Raffles City China Fund	15.00	-	✓

Note:

(1) Property management activities for the properties held through CMMT have been outsourced to a third-party agency.

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Fund or REIT manager

As a fund or REIT manager, we are responsible for attracting investors to invest in the private real estate funds or the REITs. We also oversee asset management strategies, manage fund-related matters including financing, tax and regulatory matters, handle investor relations and proactively source properties for acquisitions by the private real estate funds and REITs we manage. We focus on increasing distributions through proactive capital management and asset management, such as repositioning, asset enhancement or active leasing, and by acquiring properties with stable income or potential to generate stable income through proactive asset management. Generally, we are entitled to fund management fees, comprising a base component based on a percentage of contributed capital, value of the funds' or REITs' properties, and a variable component based on the funds' and REITs' gross revenue or NPI. We also receive fees for services connected to the acquisition and divestment of properties by some of the private real estate funds and the REITs, as well as an incentive fee for certain funds if the internal rate of return exceeds certain specified hurdle rates. As we generally have interests in the private real estate funds and REITs that we manage, we are in a position to enhance the value of our investments in these private real estate funds and REITs.

Our strategies as a fund or REIT manager for the private real estate funds and REITs can generally be categorized as follows:

- actively managing the portfolio of properties in order to maintain high occupancy levels, achieve strong rental growth and maximize NPI;
- selectively acquiring additional retail properties that meet the funds' or REITs' investment criteria. Each fund or REIT manager generally seeks to capitalize on opportunities for real estate acquisitions in their respective real estate sectors that provide attractive cash flows and yields, together with the potential for further growth; and
- optimizing the capital structure and cost of capital of the fund/REIT by adopting and maintaining an appropriate gearing level and adopting an active interest rate management strategy to optimize unitholders' returns while maintaining operational flexibility for capital expenditure requirements.

For the fiscal years ended 2009 and 2010, our aggregate asset management fees earned from all funds were S\$6.3 million and S\$64.7 million, respectively. We did not receive any asset management fees in 2008 as our fund management entities were only acquired in late 2009 through the Corporate Reorganization implemented in preparation of our Listing on the SGX-ST. From CMT, we earned asset management fees of S\$4.3 million and S\$36.0 million in 2009 and 2010, respectively. From CRCT, we earned fees totaling S\$0.8 million and S\$6.1 million in 2009 and 2010, respectively. We also received S\$2.6 million in asset management fees from CMMT in 2010, its first year of operation. The fees paid to us by each of the private real estate funds are subject to confidentiality restrictions.

Mall manager

As a mall manager for CMT, CRCT and the private real estate funds, we typically enter into a property management agreement directly with the REIT or the relevant entity owning the shopping mall. For certain shopping malls, we undertake the mall manager role jointly with our joint venture partners. For malls held through CMMT, the mall management activities are outsourced to a third-party agency specializing in mall management, as we do not have the requisite license required for such mall management activities. The management of the shopping malls includes marketing and mall management services such as operations management and lease management and planning the tenant mix for the shopping mall. We usually receive fees that are proportional to the gross rental income and NPI of the retail property. During the Track Record Period, our Group earned property management fees of S\$26.0 million, S\$32.2 million and S\$37.3 million for the years ending 2008, 2009 and 2010, respectively. We are also responsible for paying fees and expenses to any third party agents or brokers whom we may engage in connection with our leasing activities. As a mall manager, we are in a position to use our capabilities and expertise to enhance the value of our investments in those shopping malls that we have an interest.

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OUR FINANCIAL PERFORMANCE BY BUSINESS SEGMENT AND COUNTRY

The following tables summarize our EBIT by business and geographical segments for the year ended December 31, 2010 and the six months ended June 30, 2011. The tables should be read together with “Financial Information.”

EBIT for the Year Ended December 31, 2010

	<u>Singapore</u>	<u>China</u>	<u>Malaysia</u>	<u>Japan</u>	<u>India</u>	<u>Total</u>
	S\$ (in thousands), except percentages					
(A) SUBSIDIARIES						
Net rental income	7,528	13,088	29,948	–	–	50,564
Net management and consultancy fee income	56,671	7,360	(1,304)	(1,584)	(264)	60,879
Disposal gains	2,524	–	10,365	–	–	12,889
Net fair value gain on investment properties and properties under development	13,679	23,662	33	–	–	37,374
Foreign exchange gain/(loss)	1,030	535	2,593	(290)	18	3,886
Others ⁽¹⁾	(44,055)	10,413	2,645	(3)	(17)	(31,017)
(B) JOINTLY-CONTROLLED ENTITIES & ASSOCIATES						
Share of Results⁽²⁾						
Profit from sale of development properties	243,406	–	–	–	–	243,406
Net rental income	125,263	(11,655)	7,420	2,255	(3,403)	119,880
Net management and consultancy fee income	–	458	–	–	–	458
Net fair value gain/(loss) on investment properties and properties under development (exclude REITs)	66,913	27,744	–	(8,714)	(2,618)	83,325
Net fair value gain on investment properties (REITs)	3,004	16,182	944	–	–	20,130
Foreign exchange gain/(loss)	–	1,638	–	–	–	1,638
Total	<u>475,963</u>	<u>89,425</u>	<u>52,644</u>	<u>(8,336)</u>	<u>(6,284)</u>	<u>603,412</u>
% Breakdown by country⁽³⁾	<u>77.0%</u>	<u>14.5%</u>	<u>8.5%</u>	<u>N.M.⁽⁴⁾</u>	<u>N.M.⁽⁴⁾</u>	<u>100.0%</u>

Notes:

- (1) Others comprise unallocated corporate costs, which are significantly higher in Singapore due to the fact that Singapore is our corporate headquarters.
- (2) Equity accounting is applied to account for share of results in jointly-controlled entities and associates. Hence, the share of results reflected above for jointly-controlled entities and associates are after tax and interest expenses.
- (3) Based on the total of Singapore, China and Malaysia.
- (4) Not meaningful.

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EBIT for the Six Months Ended June 30, 2011

	<u>Singapore</u>	<u>China</u>	<u>Malaysia</u>	<u>Japan</u>	<u>India</u>	<u>Total</u>
	S\$ (in thousands), except percentages					
(A) SUBSIDIARIES						
Net rental income	–	7,956	3,959	–	–	11,915
Net management and consultancy fee income	30,007	874	1,548	(1,084)	(469)	30,876
Disposal gains	2,017	–	–	–	–	2,017
Net fair value gain on investment properties and properties under development	–	64,604	2,962	–	–	67,566
Foreign exchange gain/(loss)	69	92	(2,223)	(333)	36	(2,359)
Others ⁽¹⁾	(32,336)	5,894	3,709	(3)	(3)	(22,739)
(B) JOINTLY-CONTROLLED ENTITIES & ASSOCIATES						
Share of results⁽²⁾						
Profit from sale of development properties	11,577	–	–	–	–	11,577
Net rental income	64,365	(3,305)	9,187	1,058	(2,064)	69,241
Net management and consultancy fee income	–	(947)	–	–	–	(947)
Net fair value gain/(loss) on investment properties and properties under development (exclude REITs)	35,449	41,928	–	(17,958)	(8)	59,411
Net fair value gain on investment properties (REITs)	25,310	11,674	9,413	–	–	46,397
Foreign exchange gain/(loss)	–	4,685	–	–	–	4,685
Total	<u>136,458</u>	<u>133,455</u>	<u>28,555</u>	<u>(18,320)</u>	<u>(2,508)</u>	<u>277,640</u>
% Breakdown by country⁽³⁾	<u>45.7%</u>	<u>44.7%</u>	<u>9.6%</u>	<u>N.M.⁽⁴⁾</u>	<u>N.M.⁽⁴⁾</u>	<u>100%</u>

Notes:

- (1) Others comprise unallocated corporate costs, which are significantly higher in Singapore due to the fact that Singapore is our corporate headquarters.
- (2) Equity accounting is applied to account for share of results in jointly-controlled entities and associates. Hence, the share of results reflected above for jointly-controlled entities and associates are after tax and interest expenses.
- (3) Based on the total of Singapore, China and Malaysia.
- (4) Not meaningful.

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We calculate the EBIT set out in the above tables by adding interest expense to the profit/(loss) before income tax attributable to each of our geographical segments, as calculated under SFRS. EBIT is not a standard measure under SFRS. EBIT is a widely used financial indicator of a company's ability to service and incur debt. EBIT should not be considered in isolation or construed as an alternative to cash or cash flows generated by operating, investing or financing activities. EBIT does not account for taxes, interest expense or other non-operating, investing or financing activities, except for share of results from jointly-controlled entities and associates where equity accounting is applied. In evaluating EBIT, we believe that investors should consider, among other things, the components of EBIT such as revenue and operating expenses and the amount by which EBIT exceeds capital expenditure and other charges. EBIT presented in this listing document may not be comparable to similarly titled measures presented by other companies. You should not compare our EBIT to EBIT presented by other companies because not all companies use the same definition. The table below shows our EBIT at the Group level reconciled to our profit for the periods presented:

	Year Ended December 31, 2010	Six Months Ended June 30, 2011
	S\$	
	(in thousands)	
Profit for the year/period.	548,938	229,587
Add:		
– Income tax expense	28,871	32,003
– Finance costs	25,603	16,050
EBIT	603,412	277,640

The information presented above is derived from the consolidated financial information of our Group for the year ended December 31, 2010 and six-month period ended June 30, 2011.

OUR TRACK RECORD IN RETAIL REAL ESTATE DEVELOPMENT AND MANAGEMENT AND RETAIL REAL ESTATE CAPITAL MANAGEMENT

We have a proven track record of growth in:

- Retail Real Estate Development and Management: sourcing, acquiring, developing and managing retail properties, extracting value through developments and asset enhancements, as well as active mall and asset management.
- Retail Real Estate Capital Management: establishing, structuring and managing retail real estate funds, including both listed REITs and private retail real estate funds.

Retail Real Estate Development and Management

Proven Track Record in Asset Enhancement

Raffles City Singapore

Raffles City Singapore (RCS) is an example of our ability to take an existing asset, initiate enhancements and add value to the asset. RCS was acquired jointly by CapitaCommercial Trust (CCT) (60.00%) and CMT (40.00%) in 2006 which is a landmark integrated development comprising a shopping mall, an office tower, hotels and convention center. As the REIT manager, we saw its asset enhancement potential and initiated the construction of a three-storey island podium at Level 1 retail podium, extension and reconfiguration of The Raffles Marketplace at Basement 1, the creation of a new retail floor at Basement 2 to connect to Esplanade MRT station, creation of outdoor restaurant space and extension of lease lines of some shops on levels 1 and 2. These initiatives added 118,000 square feet of retail space and the NPI

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of RCS grew by 35.4% from \$109.8 million (based on annualized 2006 NPI) when we acquired the development to S\$146.5 million in December 2010. The increase in its NPI Yield on cost increased from approximately 5.1% when CCT and CMT acquired it in 2006 (based on NPI in 2006 divided by the total acquisition cost of RCS) to approximately 6.3% (computed based on the NPI in 2010 divided by the total acquisition cost and capital expenditure incurred up to December 31, 2010). Market valuation of RCS grew by 30.0%, from S\$2.1 billion at the time of acquisition to \$2.7 billion as at December 31, 2010.

CapitaMall Guicheng in Foshan, China

CapitaMall Guicheng is an example of our capability to continuously enhance a shopping mall's value and NPI through maximising the use of space. Opened in 2006, CapitaMall Guicheng is located in the commercial city center of Nanhai district of Foshan, Guangdong. Since opening, we have continuously enhanced the shopping mall to improve shopper traffic flow and increase tenant variety and NLA.

In our first phase asset enhancement initiatives (AEI) in 2009, we shifted food and beverage outlets located on the 1st floor to the 4th floor, and converted the food and beverage space to an open-space retailing concept offering new and greater varieties of trendy fashion. Higher rentals were achieved with improved shopper traffic circulation to the upper floors and to the back of the shopping mall. In the second stage, travelators from the 1st to 4th floors were converted into escalators with the addition of two lifts, thereby increasing total available NLA while improving the ease and speed for shoppers to reach various floors. Currently we are in the process of connecting the shopping mall to the Nanhai metro station at Basement 1, and converting over 2,000 square meters of space at that entrance from a supermarket area to "fast-commuter-retailing" – shops with fast turnover, leveraging on the high shopper traffic from the metro station.

The Mines in Selangor, Malaysia

In 2008 and 2009, The Mines underwent a major asset enhancement initiative, which involved, among other things, construction of a three-storey extension block, construction of three link bridges to improve connectivity between various parts of the complex, creation of a roof top open plaza with a wet-and-dry playground, reconfiguration of retail lots located on the 1st to 4th floors by way of subdivision and amalgamation to optimise space usage and to improve the tenant mix, and improvement of vertical transportation through escalator works.

The asset enhancement initiative resulted in a gain in NLA of approximately 80,000 square feet, while the occupancy rate has increased from about 84.8% as at December 31, 2007 to 97.5% as at April 30, 2010 (as published in CMMT's initial public offering prospectus), and stands at 98.6% as at December 31, 2010. The asset enhancements generated a return on investment of approximately 8.6% and increased NPI by an estimated RM7.5 million. The estimated total cost of the asset enhancement initiative was RM87.0 million.

In March 2010, the shopping mall, which was previously known as "Mines Shopping Fair" was renamed as "The Mines" and a rebranding campaign was launched.

Vivit Square in Tokyo, Japan

Vivit Square is yet another example of our ability to reposition an asset, adding substantial value. We hold a 26.29% interest in the property through the Japan Fund, as at June 30, 2011. While the shopping mall has for some time seen languishing tenant sales and dropping occupancy rates, we carried out substantial asset enhancement in phases to improve the physical environment and to give our shoppers a more pleasant shopping experience. To improve tenant sales, we attracted new anchor tenants, including value discounter Mr Max and home electronics store Nojima, which offer even greater variety of daily necessity products to complement other tenants already in the shopping mall, including a supermarket and drug store. We

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repositioned the shopping mall to focus on convenient daily shopping, and managed to capture a larger market share of the daily shopping needs of the residents in the neighbourhood. As a result, as of December 31, 2010, shopper traffic and tenant sales increased by 13% and 37%, respectively, for the fourth quarter of 2010 compared to the fourth quarter of 2009.

Proven Track Record in Greenfield and Brownfield Development

Orchard Turn Development in Singapore

The development is a prime example of our mixed-use development project development capability. It is a luxury retail and residential development that is jointly-owned and managed by us and our joint venture partner, Hong Kong's Sun Hung Kai Properties Limited. It is strategically situated above the Orchard MRT station and centrally-located in the Orchard Road shopping district. After winning the bid for the land in 2005, we, together with our joint venture partner, determined that a mixed-use retail/residential concept would allow us to maximize the land value of the development site. We then worked with our joint venture partner to conceptualize and plan the Orchard Turn development and to determine the optimal mix of residential and retail usage.

In order to ensure optimal execution of the mixed-use concept, we collaborated with the CapitaLand Group and our joint venture partner in the planning of The Orchard Residences, the residential component of the development. The objective was to achieve an efficient layout such that each unit's view could be maximized. The 56-storey residential tower is the tallest building along Orchard Road, offering panoramic views. Our collaboration in the development of The Orchard Residences occurred prior to our entering into the Collaboration Agreement with CapitaLand. See "Relationship With Our Controlling Shareholder – Potential Conflicts of Interests – CapitaLand – Collaboration Agreement"

As of June 30, 2011, approximately 90.3% of the 175 apartments have been sold and we have achieved sales of approximately S\$1.3 billion. As of June 30, 2011, we have recognised our share of profit of approximately S\$268.6 million from the sale of these apartments (net of incidental costs) and have yet to recognise the remaining profits from the sale of The Orchard Residences.

ION Orchard, the retail component of the development, was planned as a landmark retail development in Singapore. A disciplined approach was taken to determine the optimal asset plan for ION Orchard, with a focus on both the external design and the internal layout plan. Careful planning was also undertaken to determine the target positioning of the shopping mall, the desired tenant mix and the pre-leasing strategy.

ION Orchard has won several international awards, including the Gold award in the business-to-business marketing category of the ICSC Asia Shopping Centre Awards in 2008, as well as the two MAPIC 2006 awards – "Best Retail Development over 20,000 square meters" and "Best Architectural Entry" at Estates Gazette's EG Retail & Future Project Awards.

ION Orchard opened on July 21, 2009, with a committed occupancy rate of more than 96.0%. We brought in a collection of flagship and concept stores of both established and new-to-market brands, and achieved beyond the planned target tenant mix with 70.0% of the retail space leased to flagship stores, new-to-market brands and new concept stores. Amongst the list of new-to-market brands and first time stand-alone stores which opened in Singapore are Harry Winston, Herve Leger, Vivienne Tam, Dsquared2, Diane von Furstenbergs, Pandora, Toywatch, Bershka and Fred Perry. As at June 30, 2011, the occupancy rate was 99.2%.

Forum Value Mall in Bangalore, India

We entered into a framework agreement with Prestige Estates Projects Limited (formerly known as Prestige Estates Projects Private Limited) to jointly develop six retail properties in South India in October

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2007. One of the properties was Forum Value Mall where we acquired a 35% interest in January 2008. At that time, Forum Value Mall was already designed and under construction. In the original design the entire atrium was configured as an open area exposed to the elements. We worked with our partners to improve on the original design including creating a “temporary” tensile fabric roof structure to provide weather protection and create a large atrium that is naturally ventilated and lit for events throughout the year, thus creating a comfortable and spacious atrium that is uncommon in malls in India. Furthermore, instead of travelators, ramps were used from carpark to the mall, saving on capital costs, maintenance as well as energy cost for the overall mall. Leasing of Forum Value Mall took place during the economic crisis and it was an uphill task to secure retailers for the mall and especially convincing retailers about the “Value” format and putting up stores in a suburban locality with low catchment. The team took on the challenge and worked out different leasing models with operational and design support to gain the confidence and trust of retailers and successfully opened the shopping mall on June 18, 2009.

For the retail component of Forum Value Mall, from an initial NPI Yield on cost of 1.4% in the third quarter of 2009, we have since improved the NPI Yield to around 5.0% for the year ending December 31, 2010.

Proven Track Record in Mall Management

In terms of mall management, over several years of operation, we have acquired an understanding of both our tenants and shoppers through the sales data collected by our use of the POS system in Singapore and China. Tenants’ sales data allows us to understand the characteristics and performance of different retail trades in various markets. We also monitor the shopper traffic in our shopping malls. This valuable information allows us to understand the characteristics and performance of the various retail trades and shoppers’ preferences. We believe this provides us with valuable information about a tenant’s business and retail trends, thereby allowing us to proactively manage any rent in arrears relating to our properties. We believe that our use of the POS system has helped to maintain CMT’s level of bad debt expense at a level below 0.01% of CMT’s gross revenue for the last five years.

In addition, with this knowledge of our tenants and our extensive tenant base, we are able to refresh our trade mix and organize effective marketing strategies to encourage shopper traffic and assist in increasing our tenants’ sales. The operating shopping malls held under CMT have over the years, even in difficult times such as in 2008 and 2009, achieved growth in rental rates for renewals and new leases, as illustrated in the table below:

Year⁽¹⁾	Renewal/New Lease⁽²⁾		Current Rent vs. Preceding Rent⁽²⁾
	Number	NLA (sq.ft.)	
2003	325	350,743	10.6%
2004	248	244,408	7.3%
2005	189	401,263	12.6%
2006	312	511,045	8.3%
2007	385	806,163	13.5%
2008	421	612,379	9.6%
2009	614	971,191	2.3%
2010	571	898,713	6.5%

Notes:

- (1) For the financial years ended December 31, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, respectively. For IMM Building and Raffles City Singapore, only retail units were included in the analysis.
- (2) Includes only retail leases, excluding The Atrium@Orchard and JCube which have suspended operations for asset enhancement works.

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Retail Real Estate Capital Management

Track Record in Pioneering REITs and Private Retail Real Estate Funds

On the retail real estate capital management front, we have established our track record with the pioneering of CMT, Singapore's first and largest listed REIT, CRCT, Singapore's first REIT focused on retail properties in China listed on the SGX-ST, and CMMT, the largest "pure-play" shopping mall REIT listed on the Main Market of Bursa Malaysia Securities Berhad. We have also structured and successfully created six private retail real estate funds in Singapore, China, Japan and India.

- 2002: CMT
- 2003: CapitaRetail Singapore Limited
- 2004: Japan Fund
- 2006: China Incubator Fund, China Income Fund and CRCT
- 2007: China Development Fund II and India Development Fund
- 2010: CMMT

As a REIT manager for CMT, CRCT and CMMT, we have demonstrated our capabilities in increasing the distribution income and asset size of our REITs through structuring and executing yield-accretive acquisitions, extracting value through asset enhancements and active leasing, and taking a proactive approach to capital management.

For example, CMT's asset size has increased nearly 9.8 times from its initial portfolio of three retail properties with an aggregate asset size of approximately S\$895.0 million at the time of its initial public offering in 2002, to a portfolio of 16 retail properties with an aggregate asset size of approximately S\$8.8 billion as of June 30, 2011. Distributable income of CMT has grown by a compounded annual growth rate of 24.1% from S\$64.9 million in 2003 to S\$294.8 million in 2010. Distribution per unit of CMT has also grown, by close to 27.6% from the initial annualized 7.35 cents per unit in 2002 to 9.38 cents in the six months ended June 30, 2011. CMT's market capitalization increased by nearly 8.5 times from approximately S\$708.5 million at the time of its initial public offering in 2002 to approximately S\$6.0 billion as of June 30, 2011. For CRCT, the asset size increased by 90.7% from the initial public offering of S\$724.6 million in 2006 to S\$1.4 billion as of June 30, 2011. The market capitalization also increased, by approximately 55.8% from S\$537.5 million as at its initial public offering in 2006 to S\$837.5 million as of June 30, 2011. Our most recent REIT is CMMT, which was launched in 2010 to positive investor response. CMMT had a market capitalization of RM1.9 billion as at June 30, 2011.

INSURANCE

We are covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability. We believe that we have adequate insurance coverage provided by reputable independent insurance companies, with coverage and financial limits that are commercially reasonable, consistent with industry practice in each country in which we operate and appropriate for a group of our size and activities in the retail property business.

Notwithstanding our insurance coverage, damage to our facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, communications failure, intentional unlawful act, human error or natural disaster could nevertheless have a material adverse effect on our financial condition and results of operations to the extent that such occurrences disrupt the normal operation of our properties or our businesses. There are, however, certain types of risks that are typically not covered by our insurance policies, including acts of war and acts of terrorism. See "Risk Factors – Risks Relating to our Property Business and the Operation of our Properties – The occurrence of natural

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or other catastrophes, severe weather conditions or other acts of God, terrorist attacks, other acts of violence or war or adverse political developments may materially disrupt our operations” and “Risk Factors – Risks Relating to our Property Business and the Operation of our Properties – We may not have adequate insurance.”

We currently maintain professional indemnity insurance for the directors and officers of entities in our Group that manage REITs or private real estate funds. We also maintain other insurance policies including workmen’s compensation and personal accident and group hospitalization and surgical insurance for our employees. We do not maintain any key man insurance for any of our Directors or executive officers.

During the Track Record Period and the six months ended June 30, 2011, the aggregate premiums paid on all of our insurance policies were S\$0.4 million, S\$0.8 million, S\$0.6 million and S\$0.2 million in 2008, 2009, 2010 and the six months ended June 30, 2011, respectively. For the Track Record Period and the six months ended June 30, 2011, we made no insurance claims that, as a percentage of total revenues, we believe to be material. As at June 30, 2011, the Group’s maximum coverage under fire, all risk and public liability insurance amounted to S\$204.5 million, S\$38.5 million and S\$22.1 million, respectively.

COMPETITION

The retail real estate sectors in the countries in which we operate are highly competitive. The principal competitive factors include quality and location of the shopping malls, supply of comparable space and demand from prospective tenants and shoppers, the tenant mix and accessibility of the shopping mall, including transport connections.

We also compete with other real estate developers in the countries in which we operate for the acquisition of suitable development sites and available investment properties. We believe that the extensive experience built up by our management and our track record in retail real estate investment, development, leasing and management will enable us to compete effectively. Furthermore, we believe that our integrated retail real estate development management and retail real estate capital management model, where we possess capabilities in each segment across the entire retail real estate value chain, will allow us to respond quickly to market opportunities and competition.

Our private real estate fund management business faces competition in the pursuit of fund investors as well as in seeking profitable investment opportunities. In this regard, we compete with other private real estate funds, specialist investment funds, hedge fund sponsors, other financial institutions, corporate buyers and other parties.

For acquisitions and investment opportunities, we compete primarily on price, speed of execution, access to market information about suitable investment opportunities and payment terms. We believe that our network provides us with a competitive advantage in accessing investment opportunities. However, REITs may be required to obtain unitholders’ approval to raise funds before completion of any acquisition, and therefore may require longer completion periods. In raising capital for REITs and private real estate funds, we compete primarily on the basis of the following factors: investment performance, investor perception of investment managers’ drive, focus and alignment of interest, quality of service provided to and relationship with investors, access to capital, level of fees and expenses charged for services, brand recognition, transaction execution skills, range of products and services and innovation.

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MAJOR AWARDS AND CERTIFICATES

We have received numerous awards and certificates in recognition of our achievements and the achievements of our management team. Some of the REITs managed by us have also received awards. Some of these awards and certificates are detailed below:

Award/Certificate	Awarding Body	Year of Award/Certificate
<i>CMA:</i>		
Golden Co-ordinates – Retail Real Estate Leader	Commerce Promoting Real Estate (CPRE)	2010
Top 10 Famous Retail Real Estate Developer in China	China Commercial Real Estate Association (CCREA)	2010
Best Retail Developer (Global)	Euromoney	2010
Best Retail Developer in Asia		
Best Retail Developer in Singapore		
Best Retail Developer in China		
Most Transparent Company Award – New Issues (runner-up)	Securities Investors Association Singapore (SIAS)	2010
Certificate of Excellence	IR Magazine	2010
<i>CMT:</i>		
Most Transparent Company Award – REITs category (winner)	Securities Investors Association Singapore (SIAS)	2010
Corporate Governance in Singapore (ranked top quartile)	CLSA	2010
<i>CRCT:</i>		
Best Annual Report – REITs & Business Trusts (silver award)	The Business Times	2010

SUPPLIERS

During the three years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011, our five largest suppliers in aggregate accounted for approximately 18.2%, 16.2%, 10.3% and 9.7% of our annual total purchases, respectively. During the Track Record Period and the six months ended June 30, 2011, the credit term granted from our suppliers has normally been 30 days, and those suppliers mainly provided us with services that included developing the properties, maintaining the facilities and other service charges or administrative services in relation to the retail properties which we operate or in which we have interests.

CUSTOMERS

During the three years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011, our five largest customers in aggregate accounted for approximately 7.1%, 7.4%, 15.3% and 24.1% of our annual turnover, respectively. Our single largest customer in 2010 and for the six months ended June 30, 2011, HSBC Institutional Trust Service (Singapore) Limited (“HSBC Trust”), the trustee of CMT, constituted approximately 23.6% and 39.2% of our annual turnover for the year ended December 31, 2010 and the six months ended June 30, 2011. Notwithstanding the aforesaid, the management fees due from each of the malls in CMT’s portfolio which HSBC Trust acts as trustee of were around 1.6% and 2.5% of the Company’s annual turnover in 2010 and the six months ended June 30, 2011 respectively. As HSBC Trust only makes payments to us on behalf of each of the malls as CMT’s trustee, we consider each of the malls as our customer, instead of collectively as one customer through HSBC Trust, in which case the percentage of the annual turnover accountable to the top 5 customers for the year 2010 and the six months ended June 30, 2011 was less than 30%.

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The credit terms granted to our customers normally vary from 14 to 30 days, and we mainly provided services with respect to mall management, project management and fund management during the Track Record Period and the six months ended June 30, 2011.

EMPLOYEES

The following tables set forth certain information about our employees by geographical location and by function as at December 31, 2008, 2009 and 2010 and June 30, 2011:

By geographical location

	As of December 31,			As of
	2008	2009	2010	June 30, 2011
Singapore	471	490	525	577
China	2,127	2,099	2,235	2,503
Malaysia	171	175	181	248
Japan	16	29	33	35
India	9	10	40	61
Total	<u>2,794</u>	<u>2,803</u>	<u>3,014</u>	<u>3,424</u>

By function

	As of December 31,			As of
	2008	2009	2010	June 30, 2011
Retail real estate capital management/ Management and corporate services	485	561	713	871
Retail real estate management	2,309	2,242	2,301	2,553
Total	<u>2,794</u>	<u>2,803</u>	<u>3,014</u>	<u>3,424</u>

Note: The above headcount numbers exclude employees employed under joint venture companies.

From December 31, 2008 to December 31, 2009, our total number of employees in China decreased due to the transfer of employees from Raffles City Beijing to CapitaLand China Holdings Private Limited and the discontinuation of one of our Beijing projects.

We have 87 employees that are members of the Singapore Industrial and Services Employees' Union. The Group has not experienced any strikes or disruptions due to labor disputes. We consider our relations with our employees to be good.

LEGAL PROCEEDINGS

We are not, and none of our subsidiaries or joint ventures is, a party to any on-going litigation, arbitration or administrative proceedings during the 12 months immediately preceding the date of this listing document which we believe would, individually or taken as a whole, have a material adverse effect on our business prospects, financial condition or results of operations. During the Track Record Period and the six months ended June 30, 2011, neither we nor our joint ventures or subsidiaries was a party to any litigation, arbitration or administrative proceedings which, individually or taken as a whole, had a material adverse effect on our business prospects, financial condition or results of operation. In addition, as far as we are aware, there is no threatened or pending litigation of material importance against any member of the Group.

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ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Our operations are subject to regulatory requirements and potential liabilities arising under applicable environmental, health or safety-related laws and regulations in each of the countries in which we have investments and operations.

We confirm that we are in compliance in all material respects with applicable environmental regulations in Singapore and the other jurisdictions in which we have invested and operated during the Track Record Period and the six months ended June 30, 2011. In addition, we have obtained the relevant environmental, health and safety certifications for Singapore, China, Malaysia and Japan. We expect to obtain the relevant environmental, health and safety certification for India by 2011. During the Track Record Period and the six months ended June 30, 2011, we have not received any material complaints, warnings or notices of violation from any governmental or non-governmental organization or agency concerning breaches of environmental regulations in Singapore and the other jurisdictions in which we invest and operate. As of the Latest Practicable Date, there had been no material environmental, health or safety-related incidents involving us or any of our subsidiaries.

As we do not undertake construction work for our development projects and asset enhancement initiatives ourselves, the responsibility for ensuring the health or safety of workmen at our development project or asset enhancement worksites, generally rests with the contractors we appoint. We confirm that, during the Track Record Period and the six months ended June 30, 2011, there have been no accidents at any of our worksites which have resulted in material fines or compensation payments. For more information, see “Our property development and investment activities.”

MARKETING ACTIVITIES

To raise our profile among potential tenants, investors in our REITs and private real estate funds, and to increase our network of contacts, we participate in and may sponsor industry seminars and conferences. We may also undertake roadshows to target specific tenants for our properties or investors for our REITs and private real estate funds. As part of our role as shopping mall operator, we may undertake or participate in events or other advertisement campaigns to increase shopper traffic to the shopping mall, and to raise awareness to shoppers of the tenants and other offerings at a particular shopping mall.

INTELLECTUAL PROPERTY

We do not own any registered intellectual property rights.

We have been granted a licence to use, *inter alia*, “CapitaMall,” “CapitaMalls,” “CapitaMalls Asia,” “CapitaRetail,” “CapitaCard,” “CapitaVoucher,” “凱德商用” and “嘉德置地” marks by CapitaLand. See “Relationship with Our Controlling Shareholder – Independence From CapitaLand Group – Operational Independence” for details. Our corporate identity and branding has been developed and is associated with these marks and in the event we have to pay to use or are unable to use them, our business, financial condition, results of operations and prospects may be adversely affected. See “Risk Factors – Risks Relating to Our Parent Company – We may have to pay to use or may not be able to use the “Capita” name and related marks and logos.”

RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out research and development, and we have not carried out any significant research and development for the past three financial years.

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RECENT DEVELOPMENTS

On August 18, 2011, we entered into two separate conditional agreements to increase our property interest in Minhang Plaza and Hongkou Plaza in Shanghai through 50-50 joint ventures with China Incubator Fund and China Income Fund, respectively. We currently own a jointly-held effective stake of 15% in Minhang Plaza and 22.5% in Hongkou Plaza. The purchase consideration for the additional interest in Minhang Plaza was US\$262.6 million (S\$316.0 million) and for Hongkou Plaza US\$526.4 million (S\$633.7 million). Following the acquisition, our jointly-held effective stake in Minhang Plaza will be increased to 65.0% and that in Hongkou Plaza will be increased to 72.5%. Because we hold our effective stake in these two projects through our joint ventures with China Incubator Fund and China Income Fund, our investment in the projects will be equity-accounted for, rather than consolidated. The proposed acquisitions are subject to relevant governmental approvals and other conditions, including acquisition of the remaining 50% interest in the respective property-holding company.

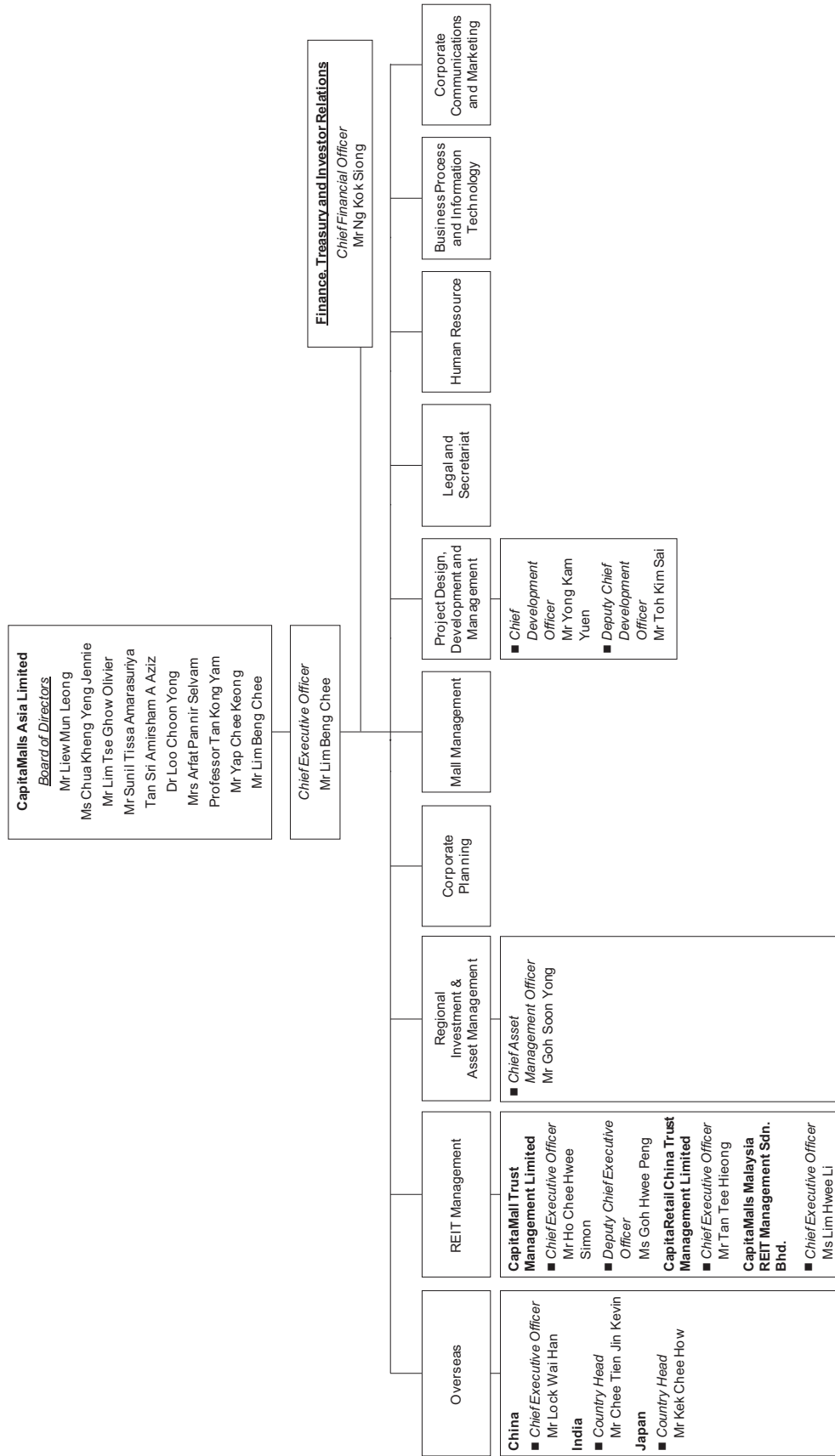
On September 28, 2011, we entered into a conditional agreement with Suzhou Industrial Park Jinji Lake Urban Development Co. Ltd (an unrelated third party) through our wholly-owned subsidiary, CMA China II Developments (HK I) Limited, to jointly develop and own, by way of a 50:50 joint venture, a shopping mall and two office towers with a total gross floor area of about 310,000 square meters on a site in Suzhou, China, in the West Jinji Lake central business district, next to Jinji Lake. We currently expect the total development cost of this project to be approximately RMB6,740 million (S\$1,275 million). Based on our 50% interest in this proposed joint venture, we currently expect our share of the total development costs to be approximately RMB3,370 million (S\$637 million) or about 7.9% of the total property value held by us as at 30 June 2011 (based on effective stake). Upon the receipt of the necessary approvals to commence construction, the construction is expected to take about four years to complete.

On September 8, 2011, we renamed certain of our fund management entities, and on September 9, 2011, we renamed certain of our funds. The following table shows the names of these entities before and after their renaming:

Former Name	Current Name (as of September 8 or 9, 2011)
<i>Funds</i>	
CapitaRetail China Incubator Fund	CapitaMalls China Incubator Fund
CapitaRetail China Development Fund II	CapitaMalls China Development Fund II
CapitaRetail India Development Fund	CapitaMalls India Development Fund
CapitaRetail Japan Fund Private Limited	CapitaMalls Japan Fund Pte. Ltd.
<i>Fund Managers</i>	
CapitaRetail China Fund Management Pte. Ltd.	CapitaMalls China Fund Management Pte. Ltd.
CapitaRetail India Fund Management Pte. Ltd.	CapitaMalls India Fund Management Pte. Ltd.
CapitaRetail Japan Fund Management Private Limited	CapitaMalls Japan Fund Management Pte. Ltd.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The following chart shows the management structure of our Group.



DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board of Directors is entrusted with the responsibility for our overall management and direction.

The following table sets forth information regarding our Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of Appointment as Director</u>
Mr Liew Mun Leong	65	Chairman and Non-Executive Director	October 18, 2004
Ms Chua Kheng Yeng Jennie	67	Non-Executive Director	October 30, 2009
Mr Lim Tse Ghow Olivier	47	Non-Executive Director	July 1, 2005
Mr Sunil Tissa Amarasuriya	62	Independent Non-Executive Director	October 30, 2009
Tan Sri Amirsham A Aziz	61	Independent Non-Executive Director	August 18, 2011
Dr Loo Choon Yong	62	Independent Non-Executive Director	October 30, 2009
Mrs Arfat Pannir Selvam	65	Independent Non-Executive Director	October 30, 2009
Professor Tan Kong Yam	56	Independent Non-Executive Director	October 30, 2009
Mr Yap Chee Keong	51	Independent Non-Executive Director	October 30, 2009
Mr Lim Beng Chee	43	Chief Executive Officer, and Executive Director	November 1, 2008

Save as disclosed in the section headed “Relationship with Our Controlling Shareholder – Potential Conflicts of Interests,” none of our Directors are related to each other or to our Senior Management Executives and substantial shareholders of our Company. Please see the section headed “Share Capital.”

Experience of our Board of Directors

Information on the business and working experience of our Directors is set out below:

Mr Liew Mun Leong

Mr Liew Mun Leong, aged 65, is our Chairman and Non-Executive Director. He is also Chairman of Corporate Disclosure Committee and Investment Committee and a member of Executive Resource and Compensation Committee and Nominating Committee.

Mr Liew is a Director of CapitaLand Limited (listed on the SGX-ST) and President and Chief Executive Officer (“CEO”) of CapitaLand Group. He is also Chairman of CapitaLand Residential Singapore Pte Ltd, CapitaLand China Holdings Pte Ltd, CapitaLand Commercial Limited, CapitaLand Financial Limited, CapitaLand ILEC Pte. Ltd. and CapitaValue Homes Limited.

Mr Liew is Deputy Chairman of The Ascott Limited as well as the Deputy Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST), CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST), CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on the SGX-ST) and Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust listed on the SGX-ST). He is also a Director of CapitaLand Hope Foundation, the CapitaLand Group’s philanthropic arm.

Mr Liew is presently Chairman of Changi Airport Group (Singapore) Pte. Ltd.. He is also Director of Singapore Exchange Limited (listed on the SGX-ST) and Singapore-China Foundation Ltd.

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He is a member of the NUS Business School Management Advisory Board, National Productivity and Continuing Education Council, Governing Council of the Human Capital Leadership Institute, Centre For Liveable Cities and the Board of Trustees of Chinese Development Assistance Council.

In 2011, Mr Liew was named Best CEO in Singapore by FinanceAsia. In 2008, he was named Asia's Best Executive of 2008 (Singapore) by Asiamoney and Best CEO in Asia (Property) by Institutional Investor. In 2007, he was conferred the CEO of the Year award (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards. In 2006, he was named Outstanding CEO of the Year in the Singapore Business Awards.

Mr Liew was conferred the Meritorious Service Medal at the Singapore National Day Awards 2011.

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

Save as disclosed in this listing document, Mr Liew did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Ms Chua Kheng Yeng Jennie

Ms Chua Kheng Yeng Jennie, aged 67, is our Non-Executive Director.

Ms Chua is the Chief Corporate Officer of CapitaLand Limited (listed on the SGX-ST). She is a board member of CapitaValue Homes Limited, CapitaLand ILEC Pte. Ltd., The Ascott Limited and Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust listed on the SGX-ST).

She is Chairman of Alexandra Health/Khoo Teck Puat Hospital, Community Chest of Singapore, Sentosa Cove, Singapore Film Commission, International Advisory Council for Tourism, Tourism Industry Skills & Training Council and The Arts House. She is also Deputy Chairman of Temasek Foundation.

Ms Chua is a member of Singapore's Pro-Enterprise Panel, a director of Ministry of Health Holdings Pte Ltd, NYU Tisch School of the Arts Asia, Ltd. and Singapore International Chamber of Commerce.

She is on the Board of Trustees of Nanyang Technological University, Singapore.

Ms Chua is a Justice of Peace and Singapore's Non-Resident Ambassador to The Slovak Republic.

Awards and accolades which she has received include three Singapore National Day Awards, Outstanding Contribution to Tourism Award 2006, Women's World Excellence Awards 2006, Travel Personality of the Year Award 2005, NTUC Medal of Commendation 2005, 25 Stars of Asia Award 2003, Person of the Year – Asia Pacific (Hotel) 2002, National Productivity 2002, Pacific Area Travel Writers Association Hall of Fame 2000, Hotelier of the Year 1999, Woman of the Year 1999, Champion of the Arts 1999 and Independent Hotelier of the World 1997.

Save as disclosed in this listing document, Ms Chua did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Mr Lim Tse Ghow Olivier

Mr Lim Tse Ghow Olivier, aged 47, is our Non-Executive Director. He is also Chairman of Finance and Budget Committee and a member of Corporate Disclosure Committee and Investment Committee.

Mr Lim is the Head of Strategic Corporate Development of CapitaLand Limited (listed on the SGX-ST). He is also a Non-Executive Director of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST), CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST) and Raffles Medical Group Ltd (listed on the SGX-ST). He is also Non-Executive Chairman of both Australand Holdings Limited (listed on the Australian Stock Exchange and the SGX-ST) and Mount Faber Leisure Group Pte Ltd, and a non-executive member of the Board of Sentosa Development Corporation.

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Mr Lim was named Chief Financial Officer of the Year in 2007 (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards. He was awarded Best Investor Relations by a CFO by IR Magazine in its South East Asia Awards in 2009 and 2010, and was named CFO of the Year by The Asset magazine in its 2010 Asian Awards.

Mr Lim holds a First Class Honours degree in Civil Engineering from Imperial College, London.

Save as disclosed in this listing document, Mr Lim did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Mr Sunil Tissa Amarasuriya

Mr Sunil Tissa Amarasuriya, aged 62, is our Independent Non-Executive Director. He is also a member of Audit Committee and Executive Resource and Compensation Committee.

Mr Amarasuriya is Chairman of the B.P. de Silva Group. He joined the B.P. de Silva Group in July 1972. In 1982, he formally assumed the control and management of the B.P. de Silva Group when he was appointed the Managing Director of B.P. de Silva Holdings Pte Ltd, the holding company of the B.P. de Silva Group, and a director of major group subsidiaries. The businesses of the B.P. de Silva Group comprise jewellery, RISIS gift manufacturing and retailing, investment in watch business, bulk and value added tea business, and investments into other businesses including food and beverage, environmental engineering, hydropower plants and others. The B.P. de Silva Group has operations principally in Singapore, Malaysia, Sri Lanka and Switzerland.

Mr Amarasuriya was contemporaneously a director of The Swatch Group S.E.A. (S) Pte Ltd, and The Swatch Group (Malaysia) Sdn. Bhd. when both companies were established in 1995. Simultaneously, he became the Chief Executive Officer of The Swatch Group S.E.A. (S) Pte Ltd responsible for Swatch operations in South East Asia. In 2000, he was appointed a member of the Extended Group Management Board of Swatch Group Ltd, a company listed on the Swiss Stock Exchange. Mr Amarasuriya relinquished his executive positions with the Swatch group in 2004.

In 2007, Mr Amarasuriya was appointed to the board of Audemars Piguet Holding SA, and is currently a member of its audit committee. In 2009, he assumed the chairmanship of Tea Tang (Pvt) Ltd, the flagship of the B.P. de Silva Group's tea business based in Sri Lanka.

Mr Amarasuriya holds a Diploma in Gemmology from the Gemmological Institute of Germany in Idar, Oberstein. He also has a Diploma in Diamond Grading from the Institute of Advanced Training, Koenigstein.

Save as disclosed in this listing document, Mr Amarasuriya did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Tan Sri Amirsham A Aziz

Tan Sri Amirsham A Aziz ("Tan Sri Amirsham"), aged 61, is our Independent Non-Executive Director.

Tan Sri Amirsham is currently an independent non-executive director and audit committee member of Lingui Developments Berhad (listed on the Bursa Malaysia Securities Berhad) and Samling Global Limited (listed on the HKEx).

Tan Sri Amirsham served as the President and Chief Executive Officer of Malayan Banking Berhad ("Maybank") from 1994 to 2008. He retired from Maybank in March 2008. Prior to his retirement, he was appointed Minister in the Prime Minister's Department to head the Economic Planning Unit and Department of Statistics, Malaysia from March 2008 to April 2009. Subsequently he was appointed as Chairman of the National Economic Advisory Council on 1 June 2009, a position he held until 31 May 2011.

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In 2008, Tan Sri Amirsham was awarded the Asian Bankers Lifetime Achievement Award in recognition of his outstanding leadership in financial services, and he was inducted into the Global Hall of Fame by the International Association of Outsourcing Professionals in 2009.

Tan Sri Amirsham holds an Honours degree in Economics from the University of Malaya. He is a Certified Public Accountant.

Save as disclosed in this listing document, Tan Sri Amirsham did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Dr Loo Choon Yong

Dr Loo Choon Yong, aged 62, is our Independent Non-Executive Director. He is also Chairman of Executive Resource and Compensation Committee and Nominating Committee and a member of Investment Committee.

Dr Loo is the Executive Chairman of Raffles Medical Group Ltd (listed on the SGX-ST), one of Singapore's leading private integrated healthcare providers. He co-founded the Raffles Medical Group in 1976 and was appointed to his current position in 1989. Dr Loo holds a number of directorships in several companies, including International Medical Insurers Pte. Ltd. and Raffles Hospital Pte Ltd. Dr Loo was appointed by the President of Singapore as the Non-Resident Ambassador to the Italian Republic. He chairs the Sentosa Development Corporation and Sentosa Golf Club. He is a member of the Board of Trustees of Singapore Management University. He is the Chairman of the Asian Medical Foundation Ltd.

Dr Loo was a Nominated Member of the Singapore Parliament from January 2005 to May 2006 and again from January 2007 to June 2009. He was the former Deputy Chairman of the Action Community for Entrepreneurship, a public-private collaboration to promote entrepreneurship in Singapore. He also served as a member of the Singapore Government Economic Review Committee ("ERC") and Chairman of the ERC's Healthcare Services Working Group. He was a member of the Board of Trustees of Chinese Development Assistance Council. He was appointed by the Minister for Finance to the Council on Corporate Disclosure and Governance, a national body on corporate disclosure and governance including prescribing of accounting standards in Singapore.

In the area of social service, Dr Loo had been active in the fight against drug abuse and was the former chairman of National Council Against Drug Abuse and President of Singapore Anti-Narcotic Association.

Besides his medical training, Dr Loo also read Law at the University of London and is a member of Middle Temple.

Save as disclosed in this listing document, Dr Loo did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Mrs Arfat Pannir Selvam

Mrs Arfat Pannir Selvam, aged 65, is our Independent Non-Executive Director. She is also a member of Corporate Disclosure Committee and Nominating Committee.

Mrs Selvam is presently the Managing Director of Selvam LLC, a corporate finance law practice and its joint law venture, Duane Morris & Selvam LLP. With over 40 years in legal practice as a corporate finance lawyer, Mrs Selvam has been involved in some landmark Singapore acquisition transactions.

Mrs Selvam is also a Director of CapitaLand Limited (listed on the SGX-ST). She was the President of the Law Society of Singapore in 2003. She was also a member of the Senate of the Academy of Law, the Board of Legal Education and the Board of the Accounting and Corporate Regulatory Authority. She is a Fellow of the Singapore Institute of Directors. She is also a Director of Singapore Health Services Pte. Ltd.

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Mrs Selvam serves the community through her participation as a member of the Executive Committees of Breast Cancer Foundation, Rahmatan Lil'Alamin Foundation Ltd and President of the Muslim Financial Planning Association.

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

Save as disclosed in this listing document, Mrs Selvam did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Professor Tan Kong Yam

Professor Tan Kong Yam, aged 56, is our Independent Non-Executive Director. He is also a member of Audit Committee and Investment Committee.

Professor Tan is Professor of Economics at the Nanyang Technological University in Singapore. He is also an advisor to CapitaLand Limited (listed on the SGX-ST) on its investments in China. He is currently a director of Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.

From 1988 to 2005, Professor Tan was with the National University of Singapore (“NUS”) where he served as the head of Department of Business Policy at the NUS Business School. From July 1999 to June 2002, he served as the chief economist of the Government of Singapore at the Ministry of Trade and Industry. From July 2002 to July 2005, he was a senior economist at the Beijing office of the World Bank and advised the State Council in China on the eleventh five year plan (2006-2010) as a member of the World Bank expert group in 2004.

Professor Tan graduated from Princeton University in 1979 with a degree in economics. He also holds a PhD degree in economics from Stanford University. Prior to joining NUS, Professor Tan has worked at the World Bank and the Ministry of Trade and Industry in Singapore.

Professor Tan has served as a board member of the Singapore Central Provident Fund Board from 1984 to 1996.

Save as disclosed in this listing document, Professor Tan did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Mr Yap Chee Keong

Mr Yap Chee Keong, aged 51, is our Independent Non-Executive Director. He is also Chairman of Audit Committee and a member of Finance and Budget Committee.

Mr Yap is the Lead Independent Director of The Straits Trading Company Limited (listed on the SGX-ST) and an independent non-executive director of Hup Soon Global Corporation Limited (listed on the SGX-ST). Mr Yap is also the Chairman of the audit committee of these companies. He is also an independent non-executive director of Tiger Airways Holdings Limited (listed on the SGX-ST) and the Chairman of its Remuneration Committee. In addition, he serves as a non-executive director of SPI (Australia) Assets Pty Ltd and UTAC Holdings Ltd., chairman of CityNet Infrastructure Management Pte. Ltd., Singapore District Cooling Pte Ltd and Tiger Airways Australia Pty Limited, a board member of the Accounting and Corporate Regulatory Authority of Singapore and a member of the Public Accountants Oversight Committee.

Mr Yap was previously the Chief Financial Officer of the Singapore Power Group (“SP”) where he was also responsible for corporate planning and strategic investments as well as oversight of the overseas investments of SP which included its Australian investments. Prior to SP, Mr Yap worked as the chief

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financial officer and in other senior management roles in several multinational and listed companies. Mr Yap has accumulated many years of experience in senior management, strategic planning, merger and acquisitions, corporate finance, treasury, financial management and risk management functions in diverse industries.

Mr Yap holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Save as disclosed in this listing document, Mr Yap did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Mr Lim Beng Chee

Mr Lim Beng Chee, aged 43, is our Chief Executive Officer and Executive Director. He is also a member of Corporate Disclosure Committee, Finance and Budget Committee and Investment Committee.

Mr Lim is currently a Director of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST), CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on the SGX-ST) and CapitaMalls Malaysia REIT Management Sdn. Bhd. (the manager of CapitaMalls Malaysia Trust listed on the Bursa Malaysia Securities Berhad).

Mr Lim has more than 10 years of real estate investment and asset management experience. He previously held various positions within CapitaLand group of companies since 2000 and has been CMA's CEO since 1 November 2008. Mr Lim has played an instrumental role in the creation of CMA's retail real estate funds and retail real estate investment trusts. Mr Lim was appointed as the Deputy CEO of CapitaMall Trust Management Limited in March 2005 until December 2006. He then led the team which spearheaded the listing of CapitaRetail China Trust, the first pure-play China shopping mall S-REIT and was appointed as CEO of CapitaRetail China Trust Management Limited in December 2006 until September 2008 during which time he was mostly stationed in Beijing. Mr Lim then returned to Singapore and assumed his appointment as CEO for both CMA and CapitaMall Trust Management Limited in November 2008. Mr Lim stepped down as CEO of CapitaMall Trust Management Limited on 25 November 2009 upon the listing of CMA. Mr Lim also spearheaded the listing of CapitaMalls Malaysia Trust, Malaysia's largest pure-play shopping mall REIT in July 2010.

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

Save as disclosed in this listing document, Mr Lim did not hold any directorship with any other listed company in Hong Kong or elsewhere in the three years preceding the Latest Practicable Date.

Independent Non-Executive Directors

One of the key roles of the directors of our Company, including our Independent Non-Executive Directors, is to formulate the strategic direction of the businesses of our Group to achieve our business objectives. We seek to appoint to our Board, persons who have distinguished themselves in their respective fields and who are able to contribute to our business objectives.

Under the Code of Corporate Governance, one of the criteria for determining a person's independence is whether he or she is independent of management of the Company. Although Mrs Selvam is also independent director of CapitaLand, her concurrent roles as independent director of both CapitaLand and our Board will not affect her independence or her suitability as Independent Director of our Company. Moreover, Mrs Selvam has extensive experience in her area at work and is independent of the management

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of our Company. She was previously the President of the Law Society of Singapore and has been a leading corporate finance and corporate governance lawyer in Singapore for over 30 years. She also has significant experience in Islamic finance. We believe that Mrs Selvam's legal background and experience is a significant resource for our Board and our Company when we seek to establish new, or improve existing, corporate governance standards for our Group.

As Mrs Selvam is also director of CapitaLand, she will not participate in any discussions of our Board of Directors in relation to any interested person transactions with the CapitaLand Group or any matters that might give rise to a conflict of interest with the CapitaLand Group and shall abstain from voting on any such proposals at any meeting of our Board of Directors. As our Company has appointed a total of six Independent Non-Executive Directors, the other five Independent Non-Executive Directors, namely, Mr Amarasuriya, Tan Sri Amirsham, Dr Loo, Professor Tan and Mr Yap, all of whom do not have concurrent appointments as directors of any entity within the CapitaLand Group, will be able to make decisions with respect to interested person transactions and conflicts of interest involving the CapitaLand Group and our Group. Mr Yap, Professor Tan and Mr Amarasuriya are also members of our Audit Committee and will oversee all interested person transactions and conflict of interest issues involving the CapitaLand Group and our Group.

Mr Amarasuriya, who is Chairman of the B.P. de Silva Group, is an experienced retailer with over 30 years of retail experience. He is respected in the business community and in the retail sector. As our Company's business is that of the development, ownership and operation of retail malls in Asia, Mr Amarasuriya's experience and contacts in the retail industry will be of considerable value as we embark on development and asset enhancement initiatives, such as repositioning of mall space, and the sourcing of the correct tenant mix. As the relationship between our Company and its retail tenant base is an important business consideration, Mr Amarasuriya's perspectives as a retailer is an important resource for our Board and our Company.

Tan Sri Amirsham, who was formerly President and Chief Executive Officer of Malayan Banking Berhad and the Chairman of the National Economic Advisory Council of Malaysia, is a veteran in economics and the financial sector. We are of the view that Tan Sri Amirsham's experience, particularly in the financial sector, is an invaluable asset to our Company.

Our Board has also appointed Dr Loo and Mr Yap, both of whom have experience in listed companies in Singapore. Dr Loo is currently the Executive Chairman of Raffles Medical Group Ltd and Mr Yap is currently the Lead Independent Director and Audit Committee Chairman of The Straits Trading Company Limited.

Professor Tan is presently Professor of Economics at the Nanyang Technological University in Singapore where his work is focused mainly on Asia. As our Company's principal business strategy is to invest in and manage a portfolio of retail real estate assets in Asia, the appointment of Professor Tan to our Board is an invaluable resource to our Company.

Our Independent Non-Executive Directors, namely, Mr Amarasuriya, Tan Sri Amirsham, Dr Loo, Mrs Selvam, Professor Tan and Mr Yap, by accepting their respective appointments have (i) confirmed that they are able to discharge their respective responsibilities as Independent Non-Executive Directors of our Company and (ii) undertaken to ensure that sufficient time and attention will be given to the affairs of our Company.

Save as disclosed in this listing document, there is no other information in respect of our Directors to be disclosed pursuant to Rule 13.51(2) of the HKEx Listing Rules and there is no other matter that needs to be brought to the attention of our shareholders.

Present and past principal directorships of our Directors

The present and past directorships held by our Directors in public companies and REIT managers of listed REITs in the three years preceding the Latest Practicable Date and current directorships held by our Directors in the Group are set out in "Appendix X – Statutory and General Information."

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Interests in Shares

Save as disclosed in “Appendix X – Statutory and General Information” none of our Directors have any interests (direct or deemed) in our Shares.

Term of Office

Our Directors do not currently have a fixed term of office. Each Director is required to retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation. A retiring Director is eligible for re-election.

The Directors who are required to retire each year are those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment.

Independence of Directors under the HKEx Listing Rules

Rules 3.10 of the HKEx Listing Rules provides that every board of directors of a listed issuer must include at least three independent non-executive directors.

Rule 3.12 states (among other things) that the HKEx may stipulate a minimum number of independent non-executive directors to be higher than three.

Rule 3.13 sets out the (non-exhaustive) factors which the HKEx will take into account in assessing the independence of a non-executive director, in particular, Rule 3.13(3) stipulates that a director’s independence will be affected should he be a director, partner or principal of a professional adviser which currently provides or has within one year immediately prior to the date of his proposed appointment provided services, or is an employee of such professional adviser who is or has been involved in providing such services during the same period to the listed issuer, its holding company or any of their respective subsidiaries or connected persons, or any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the chief executive or a director (other than an independent non-executive director), of the listed issuer within one year immediately prior to the date of the proposed appointment, or any of their associates. Rule 3.13(5) further stipulates that a director’s independence will be affected should he be on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole. Rule 3.13(3) also requires every independent non-executive director to submit a written confirmation of his or her independence and provide an annual confirmation of such, which must be disclosed in the issuer’s annual report.

Further, Rule 3.14 further provides that if a proposed independent non-executive director does not satisfy the requirements under Rule 3.13, the issuer must demonstrate to the HKEx’s satisfaction why the proposed independent non-executive director is independent. Rule 3.25 of the HKEx Listing Rules states that an issuer should comply with the Code on Corporate Governance Practices in Appendix 14 to the HKEx Listing Rules. In particular, section A.3 of Appendix 14 sets out certain principles relating to the composition of the board of directors to comprise a strong independent element with the appointment of independent non-executive directors, and which guidelines on independence of such independent non-executive directors are set out in Rule 3.13.

The Board of Directors of the Company currently comprises ten Directors, six of whom are deemed independent for the purpose of the SGX Listing Manual, being Mr Sunil Tissa Amarasuriya, Tan Sri Amirsham A Aziz, Dr Loo Choon Yong, Mrs Arfat Pannir Selvam, Professor Tan Kong Yam and Mr Yap Chee Keong.

Dr Loo is the Executive Chairman of Raffles Medical Group Ltd. (“RMG”), which he founded. RMG is a company listed on the Main Board of the SGX-ST, and one Singapore’s leading private integrated

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healthcare providers. He currently owns more than 40% of the shares in RMG. The RMG group of companies (the “RMG Group”) has, from time to time, provided healthcare insurance and various medical services to the Company’s employees which are paid for by the Group. The aggregate amounts paid to the RMG Group for the past 3 financial years ended December 31, 2008, 2009 and 2010, are approximately S\$0.2 million, S\$0.25 million and S\$0.27 million respectively. Dr Loo holds 0.0202%, a *de minimis* percentage, in the total issued share capital of the Company as of the Latest Practicable Date. Such services are being provided by the RMG Group in the ordinary course of business and the amounts being paid to the RMG Group are on an arm’s length basis and based on normal commercial terms.

Mrs Selvam is concurrently an independent director of CapitaLand, the controlling shareholder of the Company. Mrs Selvam is also presently the Managing Director of Selvam LLC, a corporate finance law practice which provided consultancy services to certain companies in the CapitaLand Group from time to time. The fees paid by CapitaLand Group to Selvam LLC for the past 3 financial years ended December 31, 2008, 2009 and 2010 was nil, S\$89,925 and S\$16,590 respectively. Mrs Selvam holds 0.0016%, a *de minimis* percentage, in the total issued share capital of the Company as of the Latest Practicable Date. As disclosed in the prospectus issued by the Company in connection with its listing on the SGX-ST, Mrs Selvam would not participate in discussions of the Company’s Board of Directors in relation to any interested person transactions with CapitaLand Group or any matter that might give rise to a conflict of interest with the CapitaLand Group and shall abstain from voting on any such proposals at any meeting of the Company’s Board of Directors.

Professor Tan is currently a Professor of Economics at the Nanyang Technological University in Singapore and a veteran economist who had, among others, served as the chief economist of the government of Singapore at the Ministry of Trade and Industry and had also served as a senior economist at the Beijing office of the World Bank. Professor Tan has been an adviser to CapitaLand on its investments in China since 2009, and he provides advisory and consultancy services to CapitaLand from time to time. These advisory and consultancy services provided to CapitaLand do not relate specifically to the principal businesses of our Group or CapitaLand Group, as the work relates only to Professor Tan providing his analyses on macro-economic issues such as the debt market in the PRC, political developments, the global financial crisis and other issues which could have potential effects on the PRC economy. Professor Tan has not and does not advise CapitaLand on any specific transactions or acquisitions that the CapitaLand Group may undertake in the PRC. The amounts paid to Professor Tan for each of the past 2 financial years ended December 31, 2009 and 2010 were S\$50,000 and S\$50,000 respectively. Professor Tan current holds 0.0002%, a *de minimis* percentage, in the total issued share capital of the Company as of the Latest Practicable Date.

In addition, Article 106(A) of the Company’s Articles of Association provides that a Director shall not vote in respect of any contract or proposed contract or arrangement or any proposal whatsoever in which he or his associate (as defined under the HKEx Listing Rules) has any personal material interest, directly or indirectly, and such a director shall not be counted in the quorum at the board meeting in relation to any resolution on which he is debarred from voting.

EMPLOYMENT TERMS

Our Executive Director, Mr Lim Beng Chee, as well as the other Senior Management Executives, are employed under employment letters, which generally stipulate remuneration terms, entitlement to leave and other benefits consistent with our Group’s prevailing policies. Our Executive Director and the other Senior Management Executives are generally bound by confidentiality obligations and our Executive Director and the other Senior Management Executives are required to observe a 12-month restriction on soliciting clients or employees of our Group. Typically, the notice period for termination of employment of our Executive Director and the other Senior Management Executives ranges from three to six months, given either by the employee or us. We may also terminate the employment of our Executive Director and

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the other Senior Management Executives by giving three to six months' salary, as applicable, in lieu of notice as well as terminate the employment of our Executive Director and the other Senior Management Executives for cause, without notice.

Save as disclosed above, there are no existing or proposed service contracts entered into or to be entered into by our Company or any of our subsidiaries with any of our Directors or Senior Management Executives which provides for compensation in the form of stock options, or pensions, retirement or other similar benefits, or other benefits, upon the termination of the employment.

CORPORATE GOVERNANCE

Our Directors recognize the importance of corporate governance and the maintenance of high standards of accountability to our shareholders.

The Code of Corporate Governance recommends that the roles of chairman and chief executive officer be separated, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Our Board has established six committees: (i) the Audit Committee; (ii) the Nominating Committee; (iii) the Executive Resource and Compensation Committee; (iv) the Corporate Disclosure Committee; (v) the Finance and Budget Committee; and (vi) the Investment Committee. The establishment of the Audit Committee, Nominating Committee and Executive Resource and Compensation Committee also comply with the Code on Corporate Governance Practices as set out in Appendix 14 to the HKEx Listing Rules.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the HKEx Listing Rules and paragraph C.3 of the Code on Corporate Governance Practices as set out in Appendix 14 to the HKEx Listing Rules. The Audit Committee's terms of reference require the Audit Committee to have at least three members, all of whom have to be non-executive and the majority, including the Chairman, have to be independent. Under our Audit Committee's terms of reference, the Audit Committee should collectively have broad business experience, knowledge of the operations, finance and auditing procedures of our Group with at least two members having accounting or related financial management expertise or experience. The Audit Committee comprises Mr Yap Chee Keong, Mr Sunil Tissa Amarasuriya and Professor Tan Kong Yam. The Chairman of the Audit Committee is Mr Yap. The Audit Committee is responsible for the performance of the following duties and responsibilities:

- (a) monitor the integrity of our Company's and our Group's financial statements and any public financial reporting and review the significant financial reporting judgments contained therein with management and external auditors for submission to the Board;
- (b) in regard to (a) above, members of the Audit Committee must liaise with our Company's Board and senior management and the Audit Committee must meet, at least once a year, with the external auditors. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by our Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- (c) review with the external auditors their audit plan, audit report, management letter and any material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control, ensure the Board will provide a timely response to the issues raised in the management letter and review the responses which the external auditors have received from the management or difficulties with the management encountered during the course of the audit;
- (d) review with the external and internal auditors the adequacy and effectiveness of our Group's internal control, financial control and risk management systems;

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- (e) discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of our Company's accounting and financial reporting function, and their training programs and budget;
- (f) review with the internal auditors, the programme, scope and results of the internal audit and management's response to their findings to ensure that appropriate follow-up measures are taken;
- (g) ensure co-ordination between the internal and external auditors;
- (h) review with the external auditors our Group's existing financial and accounting policies and practices and the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial statements of our Company and our Group;
- (i) review interested person transactions for potential conflicts of interest as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;
- (j) assess the suitability of the accounting firm as external auditors and recommend to the Board their appointment or re-appointment as external auditors for the coming year, to approve their compensation and terms of engagement as negotiated by the management and to review and approve their discharge, resignation or dismissal. The Audit Committee should also assess the cost effectiveness of the audit process, the independence and objectivity of the external auditors. The Audit Committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences.

Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, our Company should include in our corporate governance report, which forms a part of our annual report, a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view;

- (k) where the auditors also supply a substantial volume of non-audit services to our Company, to keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money. The Audit Committee should also develop and implement policy on the engagement of external auditors to supply non-audit services, and report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (l) review filings with SGX-ST, the HKEx or other regulatory bodies which contain our Company's and our Group's financial statements and ensure proper disclosure;
- (m) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. The Audit Committee shall be empowered to retain independent counsel, accountants or others to assist in the conduct of any investigation;
- (n) ensure that proposals on the retail component which our Company intends to pursue in relation to a "white site" under the Collaboration Agreement are not prejudicial to our Company and its shareholders (see "Relationship with Our Controlling Shareholder – Potential Conflicts of Interests – CapitaLand – Collaboration Agreement" for further details);
- (o) review proposals presented by CapitaLand in connection with the provision of credit support or credit enhancement to unrelated parties in accordance with the terms of the Collaboration Agreement and which our management has declined to pursue and ensure that such decision is not prejudicial to our Company and its shareholders (see "Relationship with Our Controlling Shareholder – Potential Conflicts of Interests – CapitaLand – Collaboration Agreement" for further details);
- (p) consider investment opportunities arising from the Collaboration Agreement with respect to which our Company intends to (i) collaborate with the CapitaLand Group and (ii) decline participation and the CapitaLand Group proposes to proceed with pursuing the relevant opportunity alone, provided

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

that no review by the Audit Committee shall be undertaken in respect of investment opportunities with which neither our Company nor the CapitaLand Group intends to proceed and investment opportunities with which the CapitaLand Group does not intend to proceed and our Company intends to proceed alone;

- (q) report to the Board the work performed by the Audit Committee in carrying out its functions;
- (r) consider any other matters, as defined by the Board;
- (s) review the independence of the external auditors annually; and
- (t) suggest matters to be included for review by the external and internal auditors.

Apart from the duties listed above, where the Audit Committee becomes aware of any suspected fraud or irregularity, or suspected infringement of any law, rule or regulation, which has or is likely to have a material impact on our Company's operating results or financial position, the Audit Committee should discuss such matter with external auditors and report such matters to the Board, at an appropriate time.

Nominating Committee

We have also established a Nominating Committee with written terms of reference in compliance with paragraph A.4 of the Code on Corporate Governance Practices as set out in Appendix 14 to the HKEx Listing Rules. The Nominating Committee's terms of reference require the Nominating Committee to have at least three members, of whom the majority have to be independent, including the Chairman. Our Nominating Committee comprises Dr Loo Choon Yong, Mr Liew Mun Leong and Mrs Arfat Pannir Selvam. The Chairman of the Nominating Committee is Dr Loo. The Nominating Committee is responsible for the performance of the following duties and responsibilities:

- (a) review and recommend the candidates for appointments to the Board and Board committees;
- (b) review and recommend the nomination for re-appointment or re-election or renewal of appointment of directors on the Board; and
- (c) review and recommend candidates to be our Company's nominees on the boards and board committees of the listed companies/entities within our Group.

All decisions at any meeting of the Nominating Committee shall be decided by a majority of votes of the members present and voting, and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

Executive Resource and Compensation Committee

We have established an Executive Resource and Compensation Committee with written terms of reference in compliance with paragraph B.1 of the Code on Corporate Governance Practices as set out in Appendix 14 to the HKEx Listing Rules. The Executive Resource and Compensation Committee's terms of reference require the Executive Resource and Compensation Committee to have at least three members, all of whom have to be non-executive and a majority of whom have to be independent, including the Chairman. The Executive Resource and Compensation Committee comprises Dr Loo Choon Yong, Mr Liew Mun Leong and Mr Sunil Tissa Amarasuriya. The Chairman of the Executive Resource and Compensation Committee is Dr Loo. The Executive Resource and Compensation Committee is responsible for the performance of the following duties and responsibilities:

- (a) review and approve our Group's policy for determining executive remuneration including the remuneration of the Chief Executive Officer and the senior management executives, including heads of divisions, departments or other operating units within our Company or such individual(s) as deemed by the Board as senior management personnel (hereafter each referred to as a "senior management personnel"), and make recommendations to the Board on the establishment of a formal and transparent procedure for developing policy on such remuneration;

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- (b) review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;
- (c) consider, review, determine and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each senior management personnel, excluding non-executive Directors, (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within our Group;
- (d) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (e) consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments, compensation and other similar payments in connection with any loss or termination of office or appointment to senior management personnel, excluding non-executive Directors, in accordance with relevant contractual terms and ensure that such compensation is fair and not excessive for our Company;
- (f) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate;
- (g) form a view in respect of any service contract to be granted by our Company or any of our subsidiaries to any director or proposed director of our Group which requires prior approval of our shareholders in a general meeting under Rule 13.68 of the HKEx Listing Rules, and advise as to whether such contracts are in the interests of our Company and our shareholders as a whole and advise shareholders on how to vote;
- (h) review and approve the design of all option plans, stock plans and/or other equity based plans;
- (i) determine each year whether awards will be made under each of our equity based plans;
- (j) review and approve each award as well as the total proposed awards under each plan in accordance to the rules governing each plan, including awards to directors and each senior management personnel;
- (k) review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles for each of our equity based plan;
- (l) approve the remuneration framework (including directors fees) for non-executive Directors on the relevant boards of directors within our Group;
- (m) recommend to the Board our Company's policy and structure for all remuneration of non-executive directors on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (n) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (o) approve the appointment of senior management personnel positions and review succession plans for key positions within our Group; and
- (p) oversee the development of key executives and talented executives within our Group.

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All decisions at any meeting of the Executive Resource and Compensation Committee shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

Corporate Disclosure Committee

We have established a Corporate Disclosure Committee with written terms of reference which require the Corporate Disclosure Committee to have at least two members. The Corporate Disclosure Committee comprises Mr Liew Mun Leong, Mr Lim Tse Ghow Olivier, Mrs Arfat Pannir Selvam and Mr Lim Beng Chee. The Chairman of the Corporate Disclosure Committee is Mr Liew. The Corporate Disclosure Committee is responsible for reviewing corporate disclosure matters relating to our Company, including reviewing and approving key SGXNET announcements and/or press releases.

Under the SGX Listing Manual, SGXNET announcements are required for:

- (a) material information concerning property, assets, business, financial condition, dealings with employees, suppliers and customers, material contracts or development projects, significant changes in ownership, etc;
- (b) interested person transactions of a value equal to, or more than, 3% of our Company's latest audited net tangible assets;
- (c) acquisitions and realizations where any of the relative figures computed on the bases set out in Rule 1006 of the SGX Listing Manual exceeds 5%; and
- (d) specific information like change of registered address, notice of substantial shareholder's (being a person who has an interest(s) in not less than 5.00% of voting shares as defined in the Singapore Companies Act) and director's interest in the shares, appointment or resignation of director, chief executive officer, general manager or other executive officer of equivalent rank, company secretary, registrar or auditors of our Company, any appointment of a person who is a relative of a director or chief executive officer or substantial shareholder (being a person who has an interest in not less than 5.00% of voting shares as defined in the Singapore Companies Act) of our Company, notices of general meeting and resolutions proposed/passed, books closure, results, dividends, etc.

Other than the following circumstances, all SGXNET announcements and/or press releases should be approved by at least two members of the Corporate Disclosure Committee:

- (a) announcements in relation to certain recurring matters, where prior approval on the subject matter would have been sought from the Board or relevant approving authorities, would only require our Chief Executive Officer's approval;
- (b) standard announcements in relation to certain recurring matters would not require approval; and
- (c) press releases which are discretionary shall be approved by our Chief Executive Officer unless the chief executive officer decides that it should be forwarded to Corporate Disclosure Committee for approval.

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Finance and Budget Committee

We have established a Finance and Budget Committee with written terms of reference which require the Finance and Budget Committee to have at least three members, one of whom has to be independent and one of whom has to be the Chairman of the Board or Chief Executive Officer. The Finance and Budget Committee comprises Mr Lim Tse Ghow Olivier, Mr Yap Chee Keong and Mr Lim Beng Chee. The Chairman of the Finance and Budget Committee is Mr Lim Tse Ghow Olivier. The Finance and Budget Committee is responsible for the performance of the following duties and responsibilities together with the senior management of our Company:

- (a) review the annual financial plan or budget of our Company, which after being endorsed by the Finance and Budget Committee, shall be approved by the Board;
- (b) review the quarterly performance, full year forecast and 3-year outlook (if any) of our Company at each quarterly review; and
- (c) review our Company's Finance Manual which contains policies, procedures and guidelines in areas such as accounting, treasury, investment appraisal, management and statutory reporting, and corporate governance. Our Company's Finance Manual and any updates, after being endorsed by the Finance and Budget Committee, shall be approved by the Board.

Investment Committee

We have established an Investment Committee with written terms of reference which require the Investment Committee to have at least four members. The Investment Committee comprises Mr Liew Mun Leong, Mr Lim Tse Ghow Olivier, Dr Loo Choon Yong, Professor Tan Kong Yam and Mr Lim Beng Chee. The Chairman of the Investment Committee is Mr Liew. The Investment Committee is responsible for the performance of the following duties and responsibilities:

- (a) within the authority limits approved from time to time by the Board, approve:
 - i. investments, divestments, project budget variances, asset write-off and disposal, reported loss of money, property and equipment, bad debt write-off, granting of rebates and credits, rescheduling of recoverable debts, budget variances, and procurement of goods and services within budget; and
 - ii. acceptance of credit facilities from financial institutions and capital markets; and
- (b) undertake any other matters which the Board may direct from time to time.

The Investment Committee has access to professional advice from employees of our Company and from appropriate external advisers. The Investment Committee may meet with these external advisers without management presence.

All decisions at any meeting of the Investment Committee shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

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SENIOR MANAGEMENT EXECUTIVES

Our Senior Management Executives are responsible for our day-to-day management and operations. The following table sets forth information regarding our Senior Management Executives.

Name	Age	Position	Date of Appointment	Date of joining our Group
Mr Lim Beng Chee	43	Chief Executive Officer and Executive Director	November 1, 2008	November 16, 1999
Mr Ng Kok Siong	40	Chief Financial Officer	November 25, 2009	September 1, 2005
Mr Ho Chee Hwee Simon	50	Chief Executive Officer, CapitaMall Trust Management Limited	November 25, 2009	February 15, 1996
Ms Goh Hwee Peng	38	Deputy Chief Executive Officer, CapitaMall Trust Management Limited	November 25, 2009	August 27, 2001
Mr Goh Soon Yong	51	Chief Asset Management Officer	June 1, 2011	January 2, 2003
Mr Lock Wai Han	44	Chief Executive Officer, China	June 1, 2011	March 1, 2010
Mr Tan Tee Hieong	44	Chief Executive Officer, CapitaRetail China Trust Management Limited	July 1, 2010	September 17, 2007
Ms Lim Hwee Li	38	Chief Executive Officer, CapitaMalls Malaysia REIT Management Sdn. Bhd.	April 15, 2010	January 5, 2004
Mr Yong Kam Yuen	55	Chief Development Officer	March 1, 2010	November 7, 2005
Mr Toh Kim Sai	47	Deputy Chief Development Officer	March 1, 2010	February 15, 1997
Mr Chee Tien Jin Kevin	42	Country Head, India	November 23, 2009	November 23, 2009
Mr Kek Chee How	39	Country Head, Japan	November 25, 2009	September 1, 2008

None of our Senior Management Executives are related to a substantial shareholder of our Company.

Experience of our Senior Management Executives

Information on the business and working experience of our Senior Management Executives is set out below:

Mr Lim Beng Chee

Mr Lim Beng Chee, aged 43, is our Chief Executive Officer and Executive Director. Details of his working experience are set out in the paragraph “Experience of our Board of Directors” above.

Mr Ng Kok Siong

Mr Ng Kok Siong, aged 40, is our Chief Financial Officer. Mr Ng joined CapitaLand Limited in September 2005 in the Office of the President. He later assumed the position of Senior Vice President of CapitaLand Eurasia where he was involved in business development and investment management. In October 2008, he was appointed as Senior Vice President, Strategic Finance, CapitaLand Limited, where he was responsible for overseeing the corporate finance matters of the CapitaLand Group.

Prior to joining CapitaLand in 2005, Mr Ng held various finance and investment management positions in the oil and gas industry across Asia Pacific and Europe, having worked for Exxon-Mobil Asia-Pacific and Shell Oil Products East. Mr Ng graduated with a Degree of Bachelor of Accountancy (Honours) from Nanyang Technological University of Singapore.

Mr Ho Chee Hwee Simon

Mr Ho Chee Hwee Simon, aged 50, is the Chief Executive Officer of CapitaMall Trust Management Limited. Mr Ho joined CapitaLand Financial Limited in 2004 and has around 20 years of experience in real estate investment and management. He was responsible for managing the operations of 18 retail

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properties in Singapore as well as the operations of the Company's regional retail portfolio in China, Malaysia, Japan and India prior to assuming the Chief Executive Officer post for CapitaMall Trust Management Limited in November 2009.

Prior to joining CapitaLand Financial Limited in 2004, Mr Ho worked in the Ascott Group from 2000 to 2004, holding various positions including Vice President, Business Development and Senior Vice President, Operations. As Senior Vice President in CapitaLand Financial Limited, he was in charge of research and marketing. In September 2004, Mr Ho was appointed Chief Operating Officer, Retail of CapitaLand Commercial Limited where he was responsible for overseeing the operations of the company. He was the Chief Operating Officer of our Company from October 2004 to December 2008 before being appointed as the Deputy Chief Executive Officer of our Company in January 2009 and had stepped down upon the listing of our Company on the SGX-ST.

Mr Ho holds a Master of Science (Real Estate) and a Bachelor of Science (Estate Management) (Honours) from the National University of Singapore.

Ms Goh Hwee Peng

Ms Goh Hwee Peng, aged 38, is the Deputy Chief Executive Officer of CapitaMall Trust Management Limited. She is also concurrently the Head of Investment and Asset Management of CapitaMall Trust Management Limited and our Deputy Country Head of Singapore operations for the Company.

Ms Goh has many years of experience in investment and corporate finance, of which more than eight years were in real estate investment management, asset management and creation of private real estate funds. She has been with the CapitaLand Group for close to ten years. She is responsible for sourcing, structuring and negotiating investment opportunities for CMT and the Company, as well as strategic capital management for CMT.

Ms Goh is a Chartered Financial Analyst. She holds a Bachelor of Business Administration (First Class Honours) from the National University of Singapore.

Mr Goh Soon Yong

Mr Goh Soon Yong, aged 51, is our Chief Asset Management Officer. Mr Goh joined CapitaLand Commercial Limited in 2003 as Vice President of Asset Management. He has been with the CapitaLand Group for more than eight years and was previously the General Manager of Raffles City Shanghai and Managing Director of Asset Management in China. In July 2009, he was appointed as the Chief Executive Officer of the Company's operation in China and played a key role in the growth of our shopping mall business in China.

Mr Goh has over 20 years of real estate experience, ranging from public housing estate management, town council property management and business development. Mr Goh holds a Master of Science in Real Estate Management and a Bachelor of Science in Estate Management (Honours) degree from the National University of Singapore.

Mr Lock Wai Han

Mr Lock Wai Han, aged 44, is the Chief Executive Officer of China operations for the Company. Mr Lock has over 20 years of experience in various capacities in the Singapore Civil Service. Most recently, Mr Lock was the Deputy Secretary (Industry & the Arts) at the Ministry of Information, Communications and the Arts, Singapore.

He holds a Master of Arts and a Bachelor of Arts from the University of Cambridge, United Kingdom and a Master of Science in Management from the Leland Stanford Junior University, the United States.

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Mr Tan Tee Hieong

Mr Tan Tee Hieong, aged 44, is the Chief Executive Officer of CapitaRetail China Trust Management Limited. Mr Tan has over 18 years of experience in international treasury, finance and risk management. Prior to joining CapitaRetail China Trust Management Limited, Mr Tan was with IKEA for more than nine years, where he held positions as Treasurer and Finance Manager for Asia Pacific region. During those tenures, he also concurrently sat on IKEA's finance committee for Asia Pacific that oversaw the group's strategic finance and tax matters. His other experiences prior to joining IKEA includes Treasury Accountant for Wearnes International, the trading and distribution arm for WBL and various trading positions with international banks.

Mr Tan holds a Master of Business Administration (Distinction) from the University of Manchester, United Kingdom, and a Bachelor of Accountancy degree from the National University of Singapore.

Ms Lim Hwee Li

Based in Kuala Lumpur, Malaysia, Ms Lim Hwee Li, aged 38, is the Chief Executive Officer of CapitaMalls Malaysia REIT Management Sdn. Bhd. She joined the board of CMMT on 15 April 2010 and is also a member of its executive committee.

Prior to her position as Chief Executive Officer and Non-Independent Executive Director of CapitaMalls Malaysia REIT Management Sdn. Bhd., Ms Lim was Country Head for the Company's operations in Malaysia, and was instrumental in establishing the Company's retail platform in Malaysia. This involved steering Gurney Plaza, Sungei Wang Plaza and The Mines and building the local team in preparation for expansion. Before this appointment, she was a Vice President of CapitaMall Trust Management Limited, where she was responsible for actively seeking out new investment opportunities in Singapore. She focused on identifying and evaluating new retail investment opportunities, which involved performing financial analyses and structuring deals. She also worked closely with the central management teams to evaluate, plan and steer the assets under management to optimise investment returns.

Ms Lim holds a Master of Business Administration from Murdoch University and a Bachelor of Business (Distinction) degree from the Royal Melbourne Institute of Technology, Australia.

Mr Yong Kam Yuen

Mr Yong Kam Yuen, aged 55, is our Chief Development Officer. Mr Yong is responsible for all regional retail development and asset enhancement projects under our Company's portfolio. He leads the project management and design management team to align the project design, planning and execution to meet the strategic and business objectives of our Company. Mr Yong has over 29 years of experience in property design, management and development. He holds a Bachelor of Engineering (Mechanical) with First Class Honours from the National University of Singapore and a Master of Science (Industrial Engineering) from the National University of Singapore.

Mr Toh Kim Sai

Mr Toh Kim Sai, aged 47, is our Deputy Chief Development Officer. Mr Toh has around 20 years of experience in asset enhancement projects and assists the retail project teams in Singapore, China, India and Japan to create greater asset value through design and project management.

A former ASEAN Scholar, he holds a Bachelor of Arts (Architectural Studies) and Bachelor of Architecture (Honours) from the National University of Singapore, and a Master of Science (Management of Technology) from the Massachusetts Institute of Technology, USA. He is a certified Project Management Professional by the Project Management Institute, USA and is a council member of the Society of Project Managers, Singapore. He has also completed the Executive Development Program at Wharton, University of Pennsylvania, USA.

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Mr Chee Tien Jin Kevin

Mr Chee Tien Jin Kevin, aged 42, is our Country Head of India operations for the Company. Mr Chee has experience in finance and real estate.

Prior to joining the Company, he was the Senior Vice President, Asset Management in YTL Pacific Star REIT Management Limited (the manager of Starhill Global REIT which is listed on SGX-ST), responsible for the strategic management of Starhill Global REIT's portfolio of assets across Singapore and Japan.

Mr Chee graduated with a Bachelor of Business (Honours) in Banking from Nanyang Technological University, Singapore in 1992.

Mr Kek Chee How

Based in Tokyo, Japan, Mr Kek Chee How, aged 39, is our Country Head of Japan operations for the Company. Mr Kek has over five years of experience in real estate investment management, financing, and asset management. He was previously Head of Business Development in CapitaLand Retail Management Kabushiki Kaisha. A fluent Japanese speaker, Mr Kek is responsible for asset management, capital management and investments for the Japan Fund.

Mr Kek holds a Master of Business Administration from The Wharton School, University of Pennsylvania, USA, and a Bachelor of Science from the Tokyo Institute of Technology, Japan.

Present and Past Principal Directorships of our Senior Management Executives

The present and past principal directorships held by our Senior Management Executives in public companies and REIT Managers of listed REITs in the three years preceding the Latest Practicable Date and current directorships held by our Senior Management Executives in the Group are set out in "Appendix X – Statutory and General Information."

RETIREMENT SCHEMES

The Company makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Our employees in the PRC participate in various pension schemes organized by the relevant municipal and provincial government under which we are required to make monthly contributions to these plans. The local government is responsible for the planning, management, and supervision of the scheme, including collecting and investing the contributions, and paying out the pensions to the retired employees.

COMPENSATION

Our Directors receive compensation in the form of director fees. In addition, our executive Directors receive, in their capacity as our employees, compensation in the form of salaries, bonus, other allowances and benefits in kind, including our contribution to the pensions scheme for our executive Directors, in their capacity as employees, according to the law of the relevant jurisdiction.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The aggregate amounts (including fees, salaries (including non-discretionary bonuses), housing allowances, other allowances, benefits in kind, contributions to pension schemes, discretionary bonuses and awards of shares) paid to our executive and non-executive Directors for the last three fiscal years are as set forth below:

	December 31,		
	2008 ⁽¹⁾	2009 ⁽²⁾	2010
	S\$		
Payments to Directors			
Director fees	Nil	86,200	818,161
Salaries (including non-discretionary bonuses), housing allowances, other allowances and benefits in kind	505,503	520,248	668,818
Contributions to pension schemes	11,098	11,098	11,186
Discretionary bonuses (including deferred compensation accrued and payable at a later date) . .	1,332,259	1,861,875	821,805
Award of Shares	643,650	393,623	916,839
Total	2,492,510	2,873,044	3,236,809

Notes:

- (1) During financial year 2008, the full remuneration was borne by CapitaLand and its associates as CapitaMalls Asia Limited was only listed in November 2009.
- (2) During financial year 2009, S\$1,034,887 of the remuneration was borne by CapitaLand and its associates as this was prior to the listing of CapitaMalls Asia Limited on 25 November 2009 on the Main Board of the SGX-ST.

None of our Directors has waived or agreed to waive any compensation amounts for the years ended December 31, 2008, 2009 or 2010.

The aggregate amounts (including salaries (including non-discretionary bonuses), housing allowances, other allowances, benefits in kind, contributions to pension schemes, discretionary bonuses and awards of shares) paid to our five highest paid individual employees for the last three fiscal years are as set forth below:

	December 31,		
	2008 ⁽¹⁾	2009 ⁽²⁾	2010
	S\$		
Payments to five highest paid individual employees			
Salaries (including non-discretionary bonuses), housing allowances, other allowances and benefits in kind	1,940,793	2,124,090	2,294,300
Contributions to pension schemes	52,430	52,430	51,430
Discretionary bonuses (including deferred compensation accrued and payable at a later date) . .	2,503,952	3,265,338	2,567,658
Award of Shares	1,676,225	1,075,183	1,579,942
Total	6,173,400	6,517,041	6,493,330

Notes:

- (1) During financial year 2008, the full remuneration was borne by CapitaLand and its associates as CapitaMalls Asia Limited was only listed in November 2009.
- (2) During financial year 2009, S\$1,616,574 of the remuneration was borne by CapitaLand and its associates as this was prior to the listing of CapitaMalls Asia Limited on 25 November 2009 on the Main Board of the SGX-ST.

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No remuneration was paid by our Company to our Directors or the five highest paid individual employees of our Company as an inducement to join or upon joining our Company, or as compensation for loss of office in respect of the years ended December 31, 2008, 2009 and 2010.

Under the arrangements currently in force, our Company estimates that the aggregate remuneration (including benefits in kind but excluding any discretionary bonus payable and awards of shares) of the Directors payable by our Company for the year ended December 31, 2011 will be approximately S\$1.5 million.

COMPANY SECRETARY

Ms Kannan Malini, aged 40, is our company secretary based in Singapore. Ms Kannan Malini joined the Company in April 2007 and has headed the Legal & Secretariat department of the Company since then on a full-time basis.

Ms Kannan has around 16 years of working experience in the legal field. She previously worked for the JTC Group of companies, including Ascendas Pte. Ltd., from April 1994 to March 2007. Her last position with the JTC Group was Deputy Director (Legal) and Corporate Secretary.

Ms Kannan obtained a Bachelor of Laws degree from the National University of Singapore in 1993, a Master of Laws degree in Corporate and Commercial Law from the University College London in 1997 and a Master of Arts degree in South East Asian studies from the National University of Singapore in 2003.

Ms Kannan was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1994 and admitted as a Solicitor of the High Court of New South Wales, Australia in 2006.

STATUTORY AUDITORS

The Company plans to continue with the appointment of KPMG LLP as its statutory auditors in Singapore for its annual accounts after our secondary listing on the HKEx. We confirm that the appointment of KPMG LLP, for the purposes as set out above, complies with Rule 19.47 of the HKEx Listing Rules, which requires that our future annual accounts must be audited by, among others, a firm who must be a practising accountant of good standing and that such firm must also be independent of our Company to the same extent as that required of an auditor under the Companies Ordinance and the statements on independence issued by the International Federation of Accountants.

COMPLIANCE ADVISER

We have appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser pursuant to Rule 3A.19 of the HKEx Listing Rules. Pursuant to Rule 3A.23 of the HKEx Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Listing in a manner different from that detailed in this listing document or where our business activities, developments or results deviate from any forecast, estimate or other information in this listing document; and
- where the HKEx makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

WAIVERS

The following material waivers and exemptions have been applied for and granted by the HKEx and/or the SFC on the basis that the Company's listing on the HKEx is a secondary listing and not a primary listing and that all shareholders of the Company, including Hong Kong shareholders, are adequately protected in relation to the subject matter of the waivers by the relevant laws, regulations and listing rules of the Company's home jurisdiction of Singapore. Part A of this section covers the Listing Document contents waivers and waivers in respect of the Listing, while Part B of this section covers continuing obligations waivers.

PART A: PROSPECTUS CONTENTS WAIVERS AND WAIVERS IN RESPECT OF THE LISTING

We have been granted full or partial waivers by the HKEx and the SFC, as the case may be, from the Hong Kong Takeovers Code and the Rules relating to the disclosure requirements applicable to this listing document as summarised in the table below, on the basis that adequate alternative arrangements exist under Singapore law and regulations as well as the SGX Listing Manual.

Relevant Rule to be waived/modified	Subject matter of the Rule	Page Number
Rules 5.01, 5.06 and paragraph 3(a) of Practice Note 16 of the HKEx Listing Rules	Rules relating to the inclusion of valuation of and information on the issuer's interests in land or buildings	195
Paragraphs 5.1 and 5.2 of Practice Note 12 of the HKEx Listing Rules	Rules relating to the requirement to provide PRC legal opinions in relation to property valuer preparing valuation reports for properties in the PRC	196
Rule 8.17 of the HKEx Listing Rule	Rules relating to qualification requirements of the company secretary	197
Rules 9.09(a) and 9.09(b) of the HKEx Listing Rules	Rule relating to restriction on dealings in shares prior to listing	198
Rules 10.07(1) of the HKEx Listing Rules	Rule relating to restriction on disposal of shares by controlling shareholders following a new listing	199
Rule 4.03 of the HKEx Listing Rules	Rule relating to the qualification of reporting accountants	199
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Property Valuation

Requirements under the HKEx Listing Rules

Rule 5.01 of the HKEx Listing Rules requires valuations of and information on all an issuer's interests in land or buildings to be included in a listing document, whereas Rule 5.06 contains the content requirements in the prospectus of operating leases if certain reports are satisfied.

Background and basis of the waiver

The Company has interests in and manages a pan-Asian portfolio of 95 shopping malls across 50 cities in the five countries of Singapore, China, Malaysia, Japan and India, with a total property value of approximately S\$25.6 billion and a total GFA of approximately 75.6 million square feet as at June 30, 2011. Of the interests in the 95 shopping malls, 13 are controlled or jointly-controlled by the Company, and the remainder are held through funds, or REITs, which are associated entities of the Company. Although the Company has a large number of properties, none of them constitute a significant portion of the total value of its properties under its portfolio as at June 30, 2011 ("Total Portfolio Value"). The following is a summary of the value of the Company's individual properties as a percentage to the Company's total value of its portfolio as at June 30, 2011, on an effective stake basis (except for properties held through subsidiaries where a 100% effective stake is used for the following table only):

No. of property interests valued at below 1% of the Company's Total Portfolio Value	66
No. of property interests valued at 1-5% of the Company's Total Portfolio Value	27
No. of property interests valued at more than 5% of the Company's Total Portfolio Value .	2
TOTAL	<u>95</u>

There are only two properties which comprise more than 5% of the Company's Total Portfolio Value. The remaining property interests comprise between 0.1% to 5.0% each of the Total Portfolio Value. The inclusion of a full property valuation report for any one property would result in unnecessary focus on such property, and would have made this listing document inordinately thick, which may be a deterrent to investors from reading this listing document and is impractical and unduly burdensome for the Company from a cost and logistics perspective.

However, the Company is aware of the importance for investors to have information on the property interests in its portfolio. Therefore, the Company had proposed to the HKEx that summary valuation information in tabular form, which complies with the proposed form of summary disclosure for property activities included in Appendix II of the Joint Consultation Paper on Proposed Changes to Property Valuation Requirements issued by the HKEx and the SFC on December 3, 2010 (the "Joint Consultation Paper Proposed Summary"), of each its property interests be included in this listing document, except for ION Orchard and Luwan Site, Shanghai, in respect of which a valuation certificate of each of the two property interests containing the content requirements prescribed by Rule 5.06 of the HKEx Listing Rules and paragraph 34(2) of the Third Schedule of the Companies Ordinance ("Compliant Valuation Certificates") will be included. The summary valuation table will contain the same content as the Joint Consultation Paper Proposed Summary. In addition, the Company will make available valuation certificates for public inspection with the content in compliance with Rule 5.06 for the properties under its portfolio.

In respect of five properties out of the above 95 properties, namely, CapitaMall Meilicheng, Chengdu, CapitaMall Taiyanggong, Beijing, Bedok Site, Jurong Gateway Site and East Coast Mall (collectively the "New Properties"), although the Company had contracted to acquire the property interests in these properties, the conditions to completions have not been fulfilled, in particular, the risk and rewards of the project have not been transferred to the Company. Accordingly, the Company's auditors have advised that the Company's interests in these properties should be reflected in the books at costs, being the deposits the Company has paid to date in entering into the respective sale and purchase agreements, instead of the market valuations of such properties. The full consideration for the said properties have yet to be fully paid by the Company and the risks relating to the New Properties remain with the respective vendors pending

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the fulfilment of conditions precedent to the completion of the Company's acquisition of the New Properties. The Company's interests in the New Properties would be subject to review for impairment loss at each balance sheet date. However, from a business perspective, the Company has considered the New Properties under its portfolio as the Company has acquired the right to their respective legal title, which would be crystallised over time once the conditions to completions are fulfilled. While the New Properties are included in the summary valuation report in this listing document, there will not be any valuation data with respect to these properties as they are pending completion and will be clearly identified as such.

Waiver granted and conditions

On the bases stated above, the Company has applied for, and the HKEx has granted a waiver from strict compliance with Rules 5.01, 5.06 and paragraph 3(a) of Practice Note 16 to the HKEx Listing Rules to include property valuation reports for the Company's property interests (except for ION Orchard and Luwan Site, Shanghai) in this listing document, subject to the following conditions:

- (a) the Company include a summary valuation report for all its property interests, regardless of the individual value of each of the properties (except for ION Orchard and Luwan Site, Shanghai, for which Compliant Valuation Certificates would be included), adopting an approach in line with that undertaken for disclosures made when the Company was undertaking its initial public offering in connection with its listing on the SGX-ST; and
- (b) it would make available for public inspection the valuation certificates for each of its property interests (except for the New Properties for which no valuation reports would be prepared).

PRC Legal Opinion for Properties Held by CRCT

Requirements under the HKEx Listing Rules

Paragraphs 5.1 and 5.2 of Practice Note 12 to the HKEx Listing Rules require that PRC legal opinions covering certain prescribed content be provided to the property valuer preparing valuation reports for properties located in the PRC.

Background and basis of the waiver

Out of the 95 properties under the Company's portfolio, nine properties in the PRC are held by the Company through its interests in CRCT, an associate of the Company and a REIT separately listed on the SGX-ST which is regulated by the SGX-ST and the Monetary Authority of Singapore. The 9 properties are namely CapitaMall Xizhimen, Beijing, CapitaMall Wangjing, Beijing, CapitaMall Shuangjing, Beijing, CapitaMall Anzhen, Beijing, CapitaMall Qibao, Shanghai, CapitaMall Erqi, Zhengzhou, CapitaMall Saihan, Huhhot, CapitaMall Wuhu and CapitaMall Minzhongleyuan, Wuhan ("CRCT Properties").

The Company is of the view that PRC legal opinions in respect of legal titles to the CRCT Properties is not necessary as:

- (a) the CRCT properties are held through CRCT, a REIT separately listed on the SGX-ST and which is subject to stringent due diligence and public disclosure requirements to protect the interests of its public unitholders in Singapore. There are sufficient measures in place to protect the interests of the unitholders. Under the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore, a trustee of a property fund in Singapore (including a REIT, whether or not it is listed on the SGX-ST), is required to exercise due care and diligence in discharging its functions and duties, including but not limited to, safeguarding the rights and interests of participants as well as exercising reasonable care in ensuring that the property fund has proper, legal and good marketable title to the real estate assets owned by the property fund.

In practice, trustees of property funds in Singapore obtain due diligence reports and/or legal opinions when the property fund acquires a real estate asset. The trustee of CRCT is an independent third party trustee which is subject to obligations to exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interest of unitholders of CRCT, and reliance may be placed on the existing regulatory regime in Singapore which CRCT is subject to, to ensure CRCT holds the requisite ownership rights over the CRCT Properties.

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Additionally, as a REIT listed on the SGX-ST, CRCT is required by the SGX Listing Manual to announce and publicly disclose to its unitholders any information known to it concerning it or any of its subsidiaries or associated companies which (i) is necessary to avoid the establishment of a false market in its securities or (ii) would be likely to materially affect the price and value of its securities;

- (b) CRCT is only an associate of the Company with approximately 26.97% interests indirectly held by the Company as of June 30, 2011, and as a separately listed REIT on the SGX-ST, it would be unduly burdensome and costly for the Company to arrange for PRC legal opinions to be issued in respect of the CRCT Properties for the purpose of the Listing. The Company's interests in CRCT primarily lies in the yield it receives from its 26.97% interest (as of June 30, 2011) of the listed units in CRCT; and
- (c) the valuation details of the CRCT Properties as set out in the summary valuation report included in Appendix III of this listing document and the valuation certificates which fully comply with the content requirements of Rule 5.06 of the HKEx Listing Rules to be made available for public inspection would provide sufficient information for potential investors to take in consideration when reading this listing document.

Waiver granted

Accordingly, the Company has applied for, and the HKEx has granted, a waiver from strict compliance with paragraphs 5.1 and 5.2 of Practice Note 12 to the HKEx Listing Rules to require PRC legal opinions to be issued in relation to titles of the CRCT Properties.

Company Secretary

Requirements under the HKEx Listing Rules

Rule 8.17 of the HKEx Listing Rules provides that, amongst other things, the secretary of an issuer must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of secretary of the issuer. Rule 8.17 also states that, among others, an Ordinary Member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant, will be qualified to act as the company secretary of an issuer.

Corresponding provisions under Singapore laws and regulations

As a company incorporated in Singapore, the Company is regulated by the Singapore Companies Act. In particular, Section 171 of the Singapore Companies Act stipulates that the company secretary(ies) shall be a natural person who has his principal or only place of residence in Singapore, and must fulfill certain qualifications. Similar to Rule 8.17 of the HKEx Listing Rules, Section 171 of the Singapore Companies Act states that, among others, a person qualified under the Legal Profession Act (Cap. 161) of Singapore, a public accountant, a member of the Singapore Association of the Institute of Chartered Secretaries and Administrators, or a member of such other professional association as may be prescribed, will be qualified to act as a company secretary. Section 171 also states that the directors of the Company have the duty to ensure that its company secretary meets the qualifications stipulated. Rule 8.17 of the HKEx Listing Rules therefore conflicts with the requirements under Section 171 of the Singapore Companies Act.

Background and basis of the waiver

Currently, the company secretary of the Company is Ms Kannan Malini, who joined the Company in April 2007 and has headed the Legal & Secretariat department of the Company since then on a full-time basis. As the Company is incorporated in Singapore and is primary listed on the SGX-ST, Ms Kannan resides in Singapore. She graduated with a law degree with honours from the National University of Singapore in 1993 and has more than 16 years of experience in the practice of law, with extensive experience on corporate secretarial and compliance matters relating to the SGX Listing Manual. Ms Kannan meets the requirements required under Section 171 of the Singapore Companies Act. However, as she is not a resident of Hong Kong and had no experience in the Hong Kong regulatory environment, she does not meet the requirements required under Rule 8.17.

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The Company will be appointing Ms Mok Ming Wai as an assistant to Ms Kannan to assist her in the compliance matters for the Company's listing on the HKEx as well as other Hong Kong regulatory requirements. Ms Mok is ordinarily resident in Hong Kong and fulfils the qualification requirements under Rule 8.17. She is also familiar with the Hong Kong regulatory environment. While Ms Kannan has not previously had personal experience of the Hong Kong regulatory system, she will have the resources and expertise of Ms Mok as an assistant to the company secretary.

Waiver granted and conditions

The Company has applied for, and the HKEx has granted a waiver from strict compliance with Rule 8.17 of the HKEx Listing Rules for a period of three years from the Listing Date, during which Ms Kannan shall be assisted by an assistant who fulfills the qualification requirements under Rule 8.17. Upon the expiry of the three-year period after the Listing Date (or at an earlier stage as appropriate), the necessity for a separate Hong Kong specific support will be reviewed by the HKEx.

Dealings in Shares Prior to Listing

Requirements under the HKEx Listing Rules

According to Rule 9.09(b) of the HKEx Listing Rules, there must be no dealing in the securities of a new listing applicant for which listing is sought by any connected person of the issuer from the date which is four clear Business Days before the listing hearing date until listing is granted.

Background and basis of the waiver

In the context of a secondary listing of a widely held, publicly traded Company, the Company has no control over the investment decision of its shareholders. The Company does not contemplate that it is within its control to satisfy the strict requirement under Rule 9.09(b) of the HKEx Listing Rules.

Waiver granted and conditions

The Company has accordingly applied for, and the HKEx has granted, a waiver from strict compliance with Rule 9.09(b) of the HKEx Listing Rules such that the restrictions on dealing in Shares under Rule 9.09(b) of the HKEx Listing Rules do not apply to existing and future substantial Shareholders over whom the Company has no control in relation to their investment decisions.

In support of this waiver application, the Company has either confirmed or undertaken as follows:

- (a) the Company has no control over the investment decisions of its Shareholders, nor is it in a position to be fully aware of the dealing of the Shares of the Shareholders (save as disclosed in (c) below);
- (b) the Company confirms that the waiver is only applicable to the existing and future substantial Shareholders and their respective associates whose investment decisions it does not have control over and they have not, or will not be involved in the Group's management and operations and floatation exercise prior to the Listing;
- (c) the Company confirms that the Directors and senior management of the Company, and substantial Shareholders and their associates or other existing connected persons, will not deal in its Shares from the four clear Business Days before the expected hearing date until listing is granted;
- (d) the Company undertakes that it shall notify the HKEx of any dealing or suspected dealing in Shares by any connected persons; and
- (e) the Company undertakes that it shall release price sensitive information to the public as required by relevant laws, rules and regulations applicable to the Company so that anyone who may deal in the Shares as a result of this waiver will not be in possession of non-public price sensitive information.

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For similar reasons as applicable relative to the requirement in Rule 9.09(b) above, the Company does not contemplate that it will satisfy the strict requirement under Rule 9.09(a) of the HKEx Listing Rules in all cases. The Company has accordingly applied for, and the HKEx has granted, on the basis that paragraphs (a) to (e) above shall also apply to the Company, a waiver from strict compliance with Rule 9.09(a) of the HKEx Listing Rules such that the restrictions on dealing in Shares under Rule 9.09(a) only apply to certain substantial Shareholders over whom the Company has no control in relation to their investment decisions.

Restriction on Disposal of Shares

Requirements under the HKEx Listing Rules

Rule 10.07(1) of the HKEx Listing Rules provides that a person or group of persons shown by the listing document issued at the time of the issuer's application for listing to be the controlling shareholder of the issuer shall not and shall procure that the relevant registered holder shall not:

- (a) in the period commencing on the date by reference to which disclosure of his shareholding in the issuer is made in the listing document and ending on the date which is six months from the date on which dealings in the shares commence on the HKEx, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares in the issuer in respect of which he is shown to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in (a) above expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares in the issuer referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he would cease to be a controlling shareholder of the issuer.

Rule 10.07(2) further stipulates that a person shall be treated as the beneficial owner of securities if he has the ultimate beneficial ownership or control of the securities, whether through a chain of companies or otherwise. The SGX Listing Manual has no provisions equivalent to Rule 10.07.

Waiver granted and basis of the waiver

Further, the Company has applied for, and the HKEx has granted, a waiver from compliance with the restrictions on disposal under Rule 10.07(1) of the HKEx Listing Rules. The reasons for application for such waiver by the Company are as follows:

- (a) the rationale for Rule 10.07(1) is to ensure that controlling shareholders are committed to an issuer during its initial stage of listing as investors are entitled to expect a degree of commitment by a controlling shareholder. The Company has been listed on the SGX-ST since 2009 and the sole controlling shareholder, CapitaLand, has maintained its shareholding at more than 30.0% in the Company since then; and
- (b) Rule 10.07(4) of the HKEx Listing Rules provides that the restrictions in Rule 10.07(1) of the HKEx Listing Rules do not apply to transfer of shares by controlling shareholders in listed issuers successfully transferred from the Growth Enterprise Market to the Main Board of the HKEx. The Directors are of the view that the relaxation provided under Rule 10.07(4) of the HKEx Listing Rules should also be extended to companies already listed on an overseas stock exchange and seeking to list on the HKEx by way of an introduction; as no new funds will be raised in either situation.

CapitaLand may dispose any or all of its Shares any time after the Listing. However, the Company understands that CapitaLand does not have any current intention to dispose of its Shares.

Reporting Accountants

Requirements under the HKEx Listing Rules

Rule 4.03 of the HKEx Listing Rules requires the accountants' reports to be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company and who are independent both of the Company and of any other company concerned to the

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same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants. Rule 19.47 further stipulates the qualifications of the auditor of an overseas issuer, who among others, must be qualified under the Professional Accountants Ordinance or a firm of accountants acceptable to the HKEx.

Background and basis of the waiver

In accordance with the requirements of the Singapore Companies Act, the Company has appointed KPMG Singapore as its statutory auditors since its incorporation. KPMG Singapore, who prepared the Historical Financial Information in accordance with the SFRS, has been appointed by the Company as the sole reporting accountant in order to avoid the unnecessary costs and delay in engaging other certified public accountants who are qualified under the Professional Accountants Ordinance as auditors to conduct an extensive review of the Company's Accountant's Report. Furthermore:

- (a) KPMG Singapore has been appointed by the Company as its statutory auditors since the incorporation of the Company in accordance with the requirements of the Singapore Companies Act. The Singapore Companies Act sets out the responsibilities of KPMG Singapore to audit the Company's consolidated annual accounts in accordance with the Singapore Standards on Auditing, which is similar to the International Standards on Auditing;
- (b) the appointment of KPMG Hong Kong or another audit firm in Hong Kong qualified under the Professional Accountants Ordinance as the reporting accountant would involve KPMG Hong Kong or the other audit firm having to undertake a detailed review of the Company's consolidated annual accounts which have already been audited by KPMG Singapore. This will not only result in additional and unnecessary work to be conducted by KPMG Hong Kong but would also cause the Company to incur unnecessary costs and delay the Listing;
- (c) KPMG Singapore is an internationally recognised accounting firm and supervised and regulated by ACRA. It has extensive experience in securities offerings on the SGX-ST. It is independent of both the Company and any other company concerned. The Company has requested KPMG Hong Kong to assist KPMG Singapore in performing its duties as reporting accountants and to advise the Company and KPMG Singapore about the reporting requirements under the HKEx Listing Rules. KPMG Hong Kong has been advising and will continue to advise KPMG Singapore regarding the accounting-related requirements;
- (d) KPMG Singapore is a member firm of KPMG International Cooperative. All member firms of the KPMG network adopt a consistent global audit approach which is designed to support consistency of service quality and adherence to the framework of audit methodology set out in the KPMG Audit Manual ("KAM"). Reviews are performed on member firms on an annual basis to ensure that adherence to the framework of audit methodology set out in the KAM is upheld by all member firms. KPMG Singapore also adopts and observes the independence requirements set out under the Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("IFAC");
- (e) the reporting accountant for the Company, a partner in KPMG Singapore, has 25 years of audit experience and is a registered public accountant with ACRA and is also a practicing member of the Institute of Certified Public Accountants of Singapore ("ICPAS"). ICPAS is a member of the IFAC. The public accountancy profession in Singapore is independently regulated by ACRA. ACRA is also a founding member of the International Forum of Independent Audit Regulators ("IFIAR") and has representation on IFIAR's Advisory Council;
- (f) ACRA, which is a statutory board of the Government of Singapore, is the national regulator of business entities and public accountants in Singapore. ACRA is responsible for the following functions:
 - (i) to administer the Accounting and Corporate Regulatory Authority Act (Cap 2A), the Accountants Act (Cap 2), the Business Registration Act (Cap 32), the Singapore Companies Act (Cap 50), the Limited Liability Partnerships Act (Cap 163A) and the Limited Partnership Act 2008 (Act 37 of 2008);
 - (ii) to report and make recommendation to, and advise the Government of Singapore on matter relating to the registration and regulation of business entities and public accountants;

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- (iii) to establish and administer a repository of documents and information relating to business entities and public accountants and to provide access to the public to such documents and information;
 - (iv) to represent the Government of Singapore internationally in matters relating to the registration and regulation of business entities and public accountants; and
 - (v) to promote public awareness about new business structures, compliance requirements, corporate governance practice and any matter under its purview; and
- (g) KPMG Singapore will be included as an expert who has given opinions in this listing document in connection with the Listing. KPMG Singapore will therefore be liable as an expert named in the listing document for the purposes of the Companies Ordinance as if they are experts who have consented for their expert reports to be included in this listing document including reporting accountants who are qualified under the Professional Accountants Ordinance. Therefore, investors in Hong Kong will not be prejudiced in terms of recourse for any breach of duties by the reporting accountants under the laws of Hong Kong in any material respect.

Waiver granted

The Company has applied for, and the HKEx has granted, a waiver from strict compliance with the requirements under Rule 4.03 such that the Accountants' Report in this listing document shall be prepared and signed by KPMG Singapore.

Profit Forecast Memorandum

Requirements under the HKEx Listing Rules

Rule 9.11(10)(b) of the HKEx Listing Rules provide that, where the listing document does not contain a profit forecast, two copies of a draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end date after the date of listing and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts are required to be submitted to the HKEx.

Waiver granted and basis of the waiver

The Company has applied for, and the HKEx has granted, a waiver from strict compliance with the requirements of Rule 9.11(10)(b) of the HKEx on the basis that:

- (i) this listing document does not include a profit forecast;
- (ii) as a matter of practice, the Company includes a general description of outlook and prospects in its quarterly unaudited financial statements announcement;
- (iii) the Company is already listed on the SGX-ST where there is extensive coverage on its financial position and prospects through analysts' research in the market; and
- (iv) it is a requirement under the SGX Listing Manual that an announcement be made by the Company where there is any material change in expectations to its financial position and prospects.

Disclosure Requirements under Part XV of the SFO

Disclosure requirement

Part XV of the SFO imposes duties of disclosure of interest in Shares. The Company's Directors and its substantial shareholders who hold 5 per cent. or more of the Shares are also obliged to disclose their interest in Shares under the Singapore Companies Act and Securities and Futures Act and with respect to substantial shareholders for increments thereafter which increases by a whole number. Please see "Appendix IX – Description of Relevant Laws and Regulations" from page IX-14 to page IX-18. The Company has applied for, and the SFC has granted, a partial waiver from all of the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO) in respect of the Company's proposed Listing. Division 5 of Part XV of the SFO relates to a listed corporation's powers to investigate

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into ownership of its share capital. Division 11 of Part XV of the SFO relates to the power of the Financial Secretary of Hong Kong to investigate into ownership of the share capital of listed corporations. Division 12 of Part XV of the SFO allows for applications for a court order to impose restrictions on shares which are the subject of investigations by a listed corporation or the Financial Secretary pursuant to the exercise of powers under Divisions 5 and 11 of Part XV of the SFO.

Exemption granted and conditions

The SFC has granted such partial exemption of Part XV of the SFO subject to the following conditions:

- (a) the Company shall file with the HKEx, all disclosure of interests made in Singapore as soon as practicable, on the basis that the HKEx will publish these disclosures in the same way as those it receives from other listed corporations pursuant to Part XV of the SFO;
- (b) the Company shall report to the SFC within 10 business days after the end of each calendar month what percentage of that month's average daily worldwide share turnover took place on the HKEx. The first report should cover the period from the date of listing to the end of the month of listing and this obligation to report shall continue until such time as the SFC advises otherwise in writing and in any case for no less than the 12 months following the Listing; and
- (c) the Company shall advise the SFC if there is any material change in any of the information which the Company has given to the SFC, including any significant change to the disclosure requirements in Singapore, and any exemption or waiver from the disclosure of interest requirements in Singapore.

In addition, the Company has applied for, and the HKEx has granted, a waiver from strict compliance with the requirements of paragraphs 41(4) and 45 of Appendix 1A, paragraphs 34 and 38 of Appendix 1B, paragraphs 49 of Appendix 1C, paragraphs 30 and 34 of Appendix 1F and paragraphs 12 and 13 of Appendix 16 to the HKEx Listing Rules. For details, please refer to paragraph "Practice Note 5 of the HKEx Listing Rules."

Not a Public Company in Hong Kong

Requirement under the Hong Kong Takeovers Code

Section 4.1 of the Hong Kong Takeovers Code applies to takeovers, mergers and repurchases affecting public companies in Hong Kong and companies with a primary listing in Hong Kong.

Corresponding provisions under Singapore laws and regulations

The Company is already subject to the provisions of the Singapore Take-over Code concerning takeovers. Please refer to "Appendix IX – Description of Relevant Laws and Regulations – Takeover Obligations" to this listing document.

In addition, the Company is subject to the provisions of the Singapore Companies Act concerning share repurchases. Please refer to "Appendix IX – Description of Relevant Laws and Regulations" to this listing document.

Ruling granted and conditions

The Company has applied for, and the SFC has granted a ruling that the Company should not be regarded as a "public company in Hong Kong" for the purposes of Section 4.1 of the Hong Kong Takeovers Code, subject to the condition that full disclosure of the regulatory position and in particular the fact that the Hong Kong Takeovers Code does not apply, should be made in the primary and secondary markets. As a result, the Hong Kong Takeovers Code will not apply to the Company. This ruling may be reconsidered by the SFC in the event of a material change in information provided to the SFC.

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PART B: CONTINUING OBLIGATIONS WAIVERS

In addition to the waivers under Part A, we have also been granted full or partial waivers by the HKEx from the Rules relating to certain continuing obligations applicable following the Listing as summarised in the table below, on the same basis that adequate alternative arrangements exist under Singapore law and regulations as well as the SGX Listing Manual.

Relevant Rule to be waived	Subject matter of the Rule	Page Number
Rule 4.03 of the HKEx Listing Rules	Rules relating to qualification of reporting accountants of the issuer	204
Rules 7.10 to 7.12 of the HKEx Listing Rules	Certain matters relating to placing	204
Rules 7.19 to 7.22 of the HKEx Listing Rules	Certain matters relating to rights issue	205
Rules 7.24 to 7.27 of the HKEx Listing Rules	Certain matters relating to open offer	207
Rules 7.29, 7.31 and 7.33 of the HKEx Listing Rules	Certain matters relating to capitalisation issue, consideration issue and Exchange etc.	208
Rules 10.05 and 13.23(2) of the HKEx Listing Rules	Rules relating to the compliance of the Hong Kong Takeovers Code and the Code on Share Repurchases	209
Rules 10.06(2)(a) and 10.06(2)(e) of the HKEx Listing Rules	Rules relating to restrictions on issuers purchasing their own shares on the HKEx	210
Rules 10.06(4)(a), 13.25A(2)(a)(vii) and 13.31(1) of the HKEx Listing Rules	Reporting requirements in relation to share repurchases by the issuer	212
Rules 10.06(5) of the HKEx Listing Rules	Rule relating to the cancellation of repurchased shares by the issuer	213
Rules 13.11 to 13.22 of the HKEx Listing Rules	Matters relating to the disclosure of certain matters relevant to the issuer's business	215
Rule 13.36(2)(b) of the HKEx Listing Rules	Rules relating to general mandate for new share issuances	215
Rules 13.46(2), 13.48, 13.55(1) and 13.71, of the HKEx Listing Rules	Rules delivery of copies of annual reports, interim reports, circulars and notices to all holder of listed securities	216
Rule 13.48 of the HKEx Listing Rules	Rules relating to the issue of interim report and accounts (or a compliant summary report) to shareholders	218
Chapter 14, 14A and Rule 13.23(1), of the HKEx Listing Rules	Rules relating to Notifiable Transactions and Connected Transactions	219
Chapter 15, Chapter 27 and Practice Note 4 of the HKEx Listing Rules	Rules relating to the issue of options, warrants and similar rights	228
Chapter 28 of the HKEx Listing Rules	Rules relating to convertible debt securities	230

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Relevant Rule to be waived	Subject matter of the Rule	Page Number
Paragraphs 41(4) and 45 of Appendix 1A, paragraphs 34 and 38 of Appendix 1B, paragraph 49 of Appendix 1C, paragraphs 30 and 34 of Appendix 1F and paragraphs 12 and 13 of Appendix 16 and Practice Note 5 of the Hong Kong Listing Rules	Rules relating to Disclosure of Interests Information	231
Practice Note 15 of the HKEx Listing Rules	Rules relating to spin-off listings	231

Reporting Accountants

Waiver granted

For the same reasons as detailed in the section “Reporting Accountants” in Part A, the Company has applied for, and the HKEx has granted, a waiver from strict compliance with Rule 4.03 of the HKEx Listing Rules, and KPMG Singapore shall continue to act as the Company’s auditors after Listing.

Methods of listing equity securities on the HKEx

Chapter 7 of the HKEx Listing Rules sets out the methods by which equity securities may be brought to listing, and the requirements applicable to each method.

Placing — Requirements under the HKEx Listing Rules

Rule 7.09 of the HKEx Listing Rules defines a placing as the obtaining of subscriptions for or the sale of securities by an issuer or intermediary primarily from or to persons selected or approved by the issuer or intermediary. Rules 7.10 to 7.12 of the HKEx Listing Rules provide that a placing must comply with Appendix 6 of the HKEx Listing Rules. A placing of securities of a class already listed does not have to be supported by a listing document, however if a prospectus or other listing document is otherwise required or issued, it must comply with the relevant requirements of Chapter 11 of the HKEx Listing Rules.

Placing – Corresponding provisions under Singapore laws and regulations

An issuer may issue shares, company warrants or other convertible securities for cash other than by way of a rights issue.

Pursuant to the Singapore Companies Act, an issuance of new shares may only be made with the prior approval in a general meeting of shareholders. This may be obtained as a mandate for a particular issuance of shares or as a general mandate for an issuance of shares under Rule 806 of the SGX Listing Manual.

Under the SFA, an offer of securities is prohibited unless:

- (a) the offer is accompanied by a prospectus that is prepared in accordance with the SFA and lodged with, and registered by, the Monetary Authority of Singapore (the “MAS”); or
- (b) the offer comes within one of the exemptions from the prospectus requirements as set out in Part XIII, Division I, Subdivision (4) of the SFA such as:
 - (i) an offer of securities where no consideration is or will be given for the issue or transfer of such securities, in accordance with Section 272 of the SFA;

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- (ii) personal offers of securities by a person if the total amount raised by the person from such offers within any period of 12 months does not exceed S\$5 million (or its equivalent in a foreign currency), in accordance with Section 272A of the SFA;
- (iii) offers of securities by a person if the offers are made to no more than 50 persons within any period of 12 months, in accordance with Section 272B of the SFA;
- (iv) an offer of securities under certain specified circumstances (including but not limited to an offer to enter into an underwriting agreement, certain offers of securities made to existing members or debenture holders, offers made in connection with a compromise or scheme of arrangement in a winding up or a takeover scheme, an offer to qualifying persons such as employees of the issuer or its related corporations under specified conditions), in accordance with Section 273 of the SFA;
- (v) subject to Section 276 of the SFA (1) an offer made to institutional investors (as defined in the SFA), in accordance with Section 274 of the SFA, or (2) an offer to accredited investors and relevant persons (each as defined in the SFA), in accordance with Section 275 of the SFA; and
- (vi) an offer of securities issued by an entity whose shares are listed for quotation on a securities exchange, whether by means of a rights issue or otherwise if the offer is accompanied by an offer information statement which complies with such form and content requirements as may be prescribed by the MAS and which has been lodged with the MAS, in accordance with Section 277 of the SFA.

Further details of the above exemptions are set out in the relevant provisions of the SFA.

Under Rule 810 (2) of the SGX Listing Manual, where no placement agent is appointed or where a placement agent is appointed by is subject to any restrictions and directions imposed by the issued regarding the identities of and/or allocation to placees, the issuer must include in its announcement (a) the identities of the places and the number of shares placed to each of them, (b) details of how the places were identified and the rationale for placing to them and (c) the restrictions and/or directions imposed on the placement agent by the issuer regarding the identities of and/or allocation to the places, where applicable.

Placing – basis of the waiver

Although there are differences in the way that the issue of new shares is regulated by Singapore law and the SGX Listing Manual (on the one hand) and the HKEx Listing Rules (on the other), both regulatory frameworks include protections to shareholders (described above) which are broadly comparable. Given that the Company will comply with the HKEx Listing Rules in respect of any prospectus issued in Hong Kong (subject to any waivers which may be sought and granted at the relevant time) and the scope of the Company's continuing obligations under the relevant rules and regulations of Singapore, the application of Rules 7.10 to 7.12 of the HKEx Listing Rules which govern is not necessary for adequate protection of shareholders, and compliance with the HKEx Listing Rules would put the Company at a disadvantage compared to other companies with listings on the SGX-ST.

Rights issues — Requirements under the HKEx Listing Rules

Rule 7.18 of the HKEx Listing Rules defines a rights issue as an offer by way of rights to existing holders of securities which enables those holders to subscribe securities in proportion to their existing holdings.

Pursuant to Rule 7.22, a rights issue must be supported by a listing document which must comply with the relevant requirements of Chapter 11 of the HKEx Listing Rules. Pursuant to Rules 7.19(1) to 7.19(4), a rights issue must be underwritten and if (1) the underwriter is entitled to terminate that underwriting upon occurrence of any event of force majeure after dealings in the rights in nil-paid form have commenced and/or (2) a rights issue is not fully underwritten and/or (3) a rights issues is not fully underwritten by a

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person or persons whose ordinary course of business includes underwriting, then relevant disclosure must be made, the issuer must comply with the relevant statutory requirements regarding minimum subscription levels. Pursuant to Rule 7.19(5) if a rights issue is not fully underwritten, the issuer must comply with any applicable statutory requirements regarding minimum subscription levels. Pursuant to Rules 7.19(6), if a rights issue will increase the issued share capital of the issuer by more than 50%, then such rights issue must be made conditional on approval by shareholders in general meeting and the issuer will need to issue a circular to make the relevant disclosure. Pursuant to Rule 7.19(7), within the period of 12 months from the date of listing of the shares of an issuer, the issuer cannot effect any rights issue without shareholders approval in general meeting. Pursuant to Rules 7.19(8) and 7.19(9), if shareholders approval in general meeting is required under Rules 7.19(6) or 7.19(7), the controlling shareholders of the issuer (or where there is no controlling shareholder, then the directors and chief executive of the issuer) are required to abstain from voting in favour of the relevant resolution at the general meeting and observe the relevant meeting requirements. Pursuant to Rules 7.20 and 7.21, a rights issue offering is required to be conveyed by renounceable provisional letters of allotment or other negotiable instrument and the offer period should be not less than 10 days and certain prescribed arrangements in relation to disposal of unsubscribed securities are required to be made.

Rights issues — Corresponding provisions under Singapore laws and regulations

The Company is already subject to the various requirements under the Singapore Companies Act and the SGX Listing Manual. For instance, pursuant to Section 161 of the Singapore Companies Act read with Rule 806 of the SGX Listing Manual, the Company is not required to obtain the approval of shareholders in general meeting for the issuance of, inter alia, Shares or convertible securities if it has obtained a general mandate from its shareholders to do so. Under Rule 806 of the SGX Listing Manual, such general mandate must limit the aggregate number of Shares and convertible securities to no more than 50% of the total number of issued Shares (excluding treasury Shares), of which the number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders must not be more than 20% of the total number of issued Shares (excluding treasury Shares). The total number of issued Shares (excluding treasury Shares) for the purposes of the general mandate is based on the Company's total number of issued shares (excluding treasury Shares) at the time of passing of the general mandate after adjusting for:

- (a) new Shares arising from the conversion/exercise of convertible securities;
- (b) new Shares arising from the exercise of share options or awards that are outstanding or subsisting at the time of the passing of the resolution approving the general mandate; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Such general mandate, which may be obtained annually at the Company's annual general meetings, will remain in force until the conclusion of the next annual general meeting of the issuer following the passing of the resolution, the expiration of the period within which the next annual general meeting is required by law to be held, or if it is revoked or varied by an ordinary resolution of shareholders in general meeting, whichever is earlier.

Further, pursuant to Rule 918 of the SGX Listing Manual, in the event any arrangement constitutes an interested person transaction and the value exceeds 5% of the Group's latest audited net tangible assets, the transaction will have to be approved by shareholders in general meeting and the controlling shareholder being the interested person and its associates must not vote in the resolution. The Company is therefore of the view that shareholders of the Company will not be prejudiced if controlling shareholders and their associates shall be entitled to vote in favour of the relevant resolutions at general meeting.

There is no requirement for rights issues to be underwritten under the SGX Listing Manual. Pursuant to Rule 817 of the SGX Listing Manual, an issuer may make a rights issue with or without underwriting. Generally, it is for the Company to decide whether a rights issue is to be underwritten. Unlike the HKEx

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Listing Rules, Rule 818 of the SGX Listing Manual requires that the underwriting agreement for an underwritten rights issue cannot be terminated by invoking any force majeure clause after the commencement of ex-rights trading of the shares. In addition, under the SGX Listing Manual, there are no equivalent requirements to Rules 7.19(3), (4) and (5)(a) and Rule 7.21 of the HKEx Listing Rules.

Rights issues — Background and basis of the waiver

As the Company is of the view that (a) the Listing on the HKEx is not an initial but a further listing since the shares of the Company are already listed on the SGX; (b) apart from the limit on the aggregate number of shares to be issued under a general mandate, the Company is currently not subject to any restriction which prevents it from issuing new shares; (c) the Listing on the HKEx will be by way of introduction and will not involve any fund raising and hence, there is no concern of new investors being subject to the risk of dilution within a relatively short time after listing; and (d) it would be unduly onerous to restrict the Company's ability to raise funds through the issuance of new shares on terms set out in the HKEx Listing Rules, the restriction to conduct fund raising exercise under Rule 7.19(7) of the HKEx Listing Rules will unnecessarily restrict the Company's ability to tap into the capital markets in Singapore and Hong Kong.

As the majority of the Shares are listed on the SGX-ST in Singapore and the Company is already subject to a wide range of continuing obligations in relation to rights issues which are broadly commensurate with the shareholder protections under Chapter 7 of the HKEx Listing Rules, it will be unduly onerous to the Company if it has to comply with the requirements in relation to rights issues under Chapter 7 of the Listing Rules. Such a situation will unnecessarily increase the Company's costs of raising capital and erode the Company's competitiveness vis-à-vis other companies listed on the SGX-ST.

Open offers — Requirements under the HKEx Listing Rules

Rule 7.23 of the HKEx Listing Rules defines an open offer to be an offer to existing holders of securities to subscribe securities, whether or not in proportion to their existing holdings, which are not allotted to them on renounceable documents.

Pursuant to Rule 7.27, an open offer must be supported by a listing document which must comply with the relevant requirements of Chapter 11 of the HKEx Listing Rules. Pursuant to Rules 7.24(1) to 7.24(3), an open offer must be underwritten and if (1) an open offer is not fully underwritten and/or (2) an open offer is not fully underwritten by a person or persons whose ordinary course of business includes underwriting, then relevant disclosure must be made. Pursuant to Rule 7.24(4), if an open offer is not fully underwritten, the issuer must comply with any applicable statutory requirements regarding minimum subscription levels. Pursuant to Rules 7.24(5), if an open offer will increase the issued share capital of the issuer by more than 50%, then such open offer must be made conditional on approval by shareholders in general meeting and the issuer need to issue a circular to make relevant disclosure. Pursuant to Rule 7.24(6), within the period of 12 months from the date of listing of the shares of an issuer, the issuer cannot effect any open offer without shareholders approval in general meeting. Pursuant to Rules 7.24(7) and 7.24(8), if shareholders approval in general meeting is required under Rules 7.24(5) or 7.24(6), the controlling shareholders of the issuer (or where there is no controlling shareholder, then the directors and chief executive of the issuer) are required to abstain from voting in favour of the relevant resolution at the general meeting and observe the relevant meeting requirements. Pursuant to Rules 7.25 and 7.26, the offer period of an open offer offering is required to be not less than 10 days and certain prescribed arrangements in relation to disposal of unsubscribed securities are required to be made.

Open offers — Corresponding provisions under Singapore laws and regulations

In Singapore, an offering of a specific entitlement in a new issue of securities to existing shareholders of a company on a non-renounceable basis is known as a preferential offering. Under Rule 807 of the SGX Listing Manual, a preferential offering must be made on a pro rata basis with no restriction on the number

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of shares held before entitlements accrue and may be undertaken either (i) in reliance on the general mandate to issue shares obtained under Rule 806 of the SGX Listing Manual or (ii) subject to specific shareholders' approval. A preferential offering under the Singapore regime is therefore similar to an open offer made on a pro rata basis under the Hong Kong regime. There is however no equivalent of an open offer made on a non-pro rata basis in Singapore as the SGX Listing Manual only permits preferential offerings on a pro-rata basis. In Singapore, a preferential offering is exempted from the requirement for a prospectus under the SFA, and the SGX Listing Manual does not require a listing document to be issued in connection with a preferential offering. There is also no requirement under the SGX Listing Manual that a preferential offering must be underwritten. An issuer making a preferential offering is required to observe any time-table published by the SGX-ST.

Open offers — Background and basis of the waiver

As the Company is of the view that (a) the Listing on the HKEx is not an initial but a further listing as the shares of the Company are already listed on the SGX, (b) apart from the limit on the aggregate number of shares to be issued under a General Mandate, the Company is currently not subject to any restriction which prevents it from issuing new shares, (c) the Listing on the HKEx will be by way of introduction and will not involve any fund raising and hence, there is no concern of new investors being subject to the risk of dilution within a relatively short time after listing and (d) it would be unduly onerous to restrict the Company's ability to raise funds through the issuance of new shares on terms set out in the HKEx Listing Rules, the restriction to conduct fund raising exercise under Rule 7.24(6) of the HKEx Listing Rules will unnecessarily restrict the Company's ability to tap into the capital markets in Singapore and Hong Kong.

The SGX-ST is the primary listing market of the Shares and under the Singapore regime, a preferential offering is one of the options available to the Company to raise capital without issuing a prospectus. To oblige the Company to comply fully with Rules 7.24 to 7.27 of the HKEx Listing Rules will necessarily mean that the Company will be deprived of the opportunity to raise fund by way of a preferential offering. Such a situation will unnecessarily restrict the Company's options to raise funds, increase its costs of raising capital and erode the Company's competitiveness vis-à-vis other companies listed on the SGX-ST.

Capitalisation Issue, Consideration Issue and Exchange, etc. — Requirements under the HKEx Listing Rules

A capitalisation issue is an allotment of further securities to existing shareholders, credited as fully paid up out of the issuer's reserves or profits, in proportion to their existing holdings, or otherwise not involving any monetary payments. A consideration issue is an issue of securities as consideration in a transaction or in connection with a takeover or merger or division of an issuer. An exchange or substitution of securities for or a conversion of securities into other classes of securities may also bring equity securities to listing.

Pursuant to Rules 7.29 and 7.33 of the HKEx Listing Rules, a capitalisation issue or an exchange or substitution of securities, respectively, must be supported by a listing document in the form of a circular to shareholders which must comply with the relevant requirements of Chapter 11 of the HKEx Listing Rules. Rule 7.31 of the HKEx Listing Rules provides that a consideration issue must be set out in an announcement published in accordance with Rule 2.07C of the HKEx Listing Rules.

Capitalisation Issue, Consideration Issue and Exchange, etc. — Corresponding provisions under Singapore laws and regulations

Under the SFA, an offer of securities (a capitalisation issue or an exchange or substitution of securities) is prohibited unless it is (a) accompanied by prospectus that is prepared in accordance with the SFA and lodged with, and registered by, the MAS or (b) the offer comes within one of the exemptions from the prospectus requirements set out in the SFA. Please refer to the sub-section titled "Placing – Corresponding provisions under Singapore laws and regulations" in this section for further details.

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Additionally, pursuant to the Singapore Companies Act, an issuance of new shares may only be made with the prior approval in a general meeting of shareholders. This may be obtained as a mandate for a particular issuance of shares or as a general mandate for an issuance of shares under Rule 806 of the SGX Listing Manual.

Waiver granted and conditions

Although there are differences in the way that the issue of new shares is regulated by Singapore law and the SGX Listing Manual (on the one hand) and the HKEx Listing Rules (on the other), both regulatory frameworks include protections to shareholders (described above) which are broadly comparable. Given that the Company will comply with the HKEx Listing Rules in respect of any prospectus issued in Hong Kong (subject to any waivers which may be sought and granted at the relevant time) and the scope of the Company's continuing obligations under the relevant rules and regulations of Singapore, the application of the Rules in Chapter 7 of the HKEx Listing Rules which govern placing (Rules 7.10 to 7.12), rights issue (Rules 7.19 to 7.22), open offer (Rules 7.24-7.27), capitalisation issue (Rule 7.29), consideration issue (Rule 7.31) and exchange (Rule 7.33) is not necessary for adequate protection of shareholders, and compliance with the HKEx Listing Rules would put the Company at a disadvantage compared to other companies with listings on the SGX-ST.

As such, the Company has applied for, and the HKEx has granted, a waiver from strict compliance with Rules 7.10 to 7.12, Rules 7.19 to 7.22, Rules 7.24 to 7.27, Rule 7.29, Rule 7.31 and Rule 7.33 of the HKEx Listing Rules on the condition that the Company is primary listed on the SGX-ST and secondary listed on the HKEx and subject to the qualification that, in cases where a prospectus is issued in Hong Kong, the Company will comply with all the related documentary and procedural requirements in Chapter 7, and the Company will also comply with the listing application, listing document, prospectus and publication requirements set out in Rules 9.19 to 9.23 and Chapters 11, 11A and 12 of the HKEx Listing Rules, subject to any waivers which may be sought and granted at the relevant time.

Compliance with the Hong Kong Takeovers Code and the Code of Share Repurchases

Requirements under the HKEx Listing Rules

Rules 10.05 and 13.23(2) of the HKEx Listing Rules require an issuer to comply with the Code on Share Repurchases and subject thereto, the issuer may purchase its shares on the HKEx or on another recognized stock exchange in accordance with Rule 10.06. Rule 13.23(2) of the HKEx Listing Rules also states that an issuer shall comply with the Hong Kong Takeovers Code.

Corresponding provisions under Singapore laws and regulations

As a public company incorporated in Singapore and listed on the SGX-ST, the Company is already required to comply with the Singapore Take-over Code which extensively regulates take-overs and mergers. The rules under the Singapore Take-over Code offer the same if not stricter level of protection offered under the Hong Kong Takeovers Code. In addition, as the Singapore Take-over Code is regulated by the Securities Industry Council of Singapore whereas the Hong Kong Takeovers Code is regulated by the SFC, there would be substantial confusion to the Company and its shareholders in the event that different rulings are made by the two regulatory authorities in respect of consents or rulings required or other matters which require their determination under corresponding provisions between the two codes. Article 9(B) of the Company's Articles of Association gives the Company the power to purchase its own shares and it has to comply with the relevant laws and regulations in Singapore and Hong Kong (where applicable).

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Background and basis of the waiver

The Company is also already subject to various laws and regulations relating to share repurchases. The Company is therefore of the view that compliance with the Code on Share Repurchases will not be necessary for the following reasons:

- (a) share repurchases by the Company are extensively regulated under Sections 76A to 76K of the Singapore Companies Act and Rules 881 to 886 of the SGX Listing Manual. Further, Rule 5 of the Code on Share Repurchases states that the Hong Kong Code on Takeovers and Mergers is applicable to share repurchases;
- (b) the provisions of the Singapore Companies Act and the SGX Listing Manual offer sufficient shareholder protection and will help avoid confusion among shareholders for the following reasons:
 - (i) the Code on Share Repurchases is based on the Hong Kong Companies Ordinance, which is not applicable to the Company, being a Singapore-incorporated company and which is governed by the Singapore Companies Act;
 - (ii) the SGX Listing Manual is stricter and currently only allows on-market share repurchases or off-market acquisitions in accordance with the equal access scheme under Section 76C of the Singapore Companies Act (similar to share repurchase by general offer under the Code on Share Repurchases). Other methods of share repurchases contemplated in the Code on Share Repurchases, like selective off-market acquisitions, are not available under the SGX Listing Manual;
 - (iii) the Singapore Companies Act is stricter in that it prohibits selective off-market acquisitions by the Company, which the Code on Share Repurchases allows subject to compliance with its Rule 2; and
 - (iv) the SGX Listing Manual and the Singapore Companies Act also prescribe notification and disclosure obligations to shareholders and/or the relevant authorities in connection with share repurchases, as set out in Sections 76B(9), 76C(2) and 78E(2) of the Singapore Companies Act and Rules 883, 885 and 886 of the SGX Listing Manual.

Ruling by the SFC and waiver granted by the HKEx

Accordingly, the Company has made an application to the SFC and the SFC has ruled that the Company would not be regarded as a public company in Hong Kong within the meaning of Section 4.1 of the Introduction to The Codes on Takeovers and Mergers and Share Repurchases. Accordingly the Hong Kong Takeovers Code and the Code on Share Repurchases will not be applicable to the Company. On the basis of the SFC's ruling, the HKEx granted a waiver from strict compliance with Rules 10.05 and 13.23(2) of the HKEx Listing Rules.

Dealing Restrictions for Share Repurchases

Requirements under the HKEx Listing Rules

Rule 10.06(2) of the HKEx Listing Rules stipulates various dealing restrictions which an issuer must comply with in repurchasing its own shares. In particular, Rule 10.06(2)(a) prohibits the repurchase of shares on the HKEx where the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the HKEx. Rule 10.06(2)(b) provides that an issuer shall not purchase its shares on the HKEx for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the HKEx from time to time. Rule 10.06(2)(e) states that no purchase of shares on the HKEx shall be made after a price sensitive event has occurred or has been the subject of a decision until such information is made publicly available, in particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting for the approval of the issuer's results for any year, half-year, quarterly or other interim period, and (ii) the deadline for the issuer to publish an announcement of its results for any year, half-year, or quarterly or any other interim period.

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Rule 19.43(1) of the HKEx Listing Rules provides that the HKEx will be prepared to waive some or all of the applicable dealing restrictions set out in Rule 10.06(2) if an overseas issuer's primary exchange already imposes equivalent dealing restrictions.

Corresponding provisions under Singapore laws and regulations

As a company incorporated in Singapore and listed on the SGX-ST, the Company is obligated to comply with the requirements under the Singapore Companies Act and the SGX Listing Manual. While there are certain differences between the share repurchase regime in Hong Kong and that in Singapore, the regime under Singapore imposes restrictions which provide sufficient alternative protection to its shareholders, there are certain differences, further details of which are set out below.

The Singapore Companies Act read with the SGX Listing Manual provides a number of ways which the Company is able to repurchase its shares, one being the repurchase of its shares in open market (on the SGX-ST, and after Listing, on the HKEx) pursuant to Section 76E and an off-market acquisition on an equal access scheme (similar to a share repurchase by general offer under the Code of Share Repurchases) pursuant to Section 76D.

The upper limit of the purchase price at which the Company is able to repurchase its shares in the open market is regulated under Rule 884 of the SGX Listing Manual, which states that an issuer may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price (being the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the purchases are made) and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. For instance, should the Company undertake a share consolidation after the relevant 5-day period, the market price of the shares on the day on which the Company conducts a share buy back would be higher than the average closing price in the preceding 5-day period. In this regard, Rule 884 of the SGX Listing Manual states that the average closing price will be deemed to be adjusted for the share consolidation (i.e.: as if the share consolidation had been in effect during the 5-day period). While similar to Rule 10.06(2)(a) of the HKEx Listing Rules, the deemed adjustment provided in Rule 884 of the SGX Listing Manual is not found in Rule 10.06(2)(a). Further, there is no upper limit stipulated under the SGX Listing Manual other than by way of a market acquisition.

Although there is no equivalent provision in the SGX Listing Manual to Rule 10.06(2)(b) of the HKEx Listing Rules, the Company will comply with Rule 10.06(2)(b) where share repurchases are undertaken by way of on-market share repurchases. However, Section 76F of the Singapore Companies Act states that share repurchases by the Company shall only be made out of the Company's capital and profits so long as the Company is solvent, without any limitation of consideration to cash only. As the Company is able to repurchase its shares using methods other than through acquisitions on the HKEx after the Listing, it would unduly restrict the Company's available options to repurchase its shares if the consideration for such repurchases can only be in cash or in accordance with the trading rules of the HKEx from time to time.

Further, pursuant to Rule 1207(18)(c) of the SGX Listing Manual, the Company should not deal in its securities during the period commencing two weeks before the announcement of its financial statements for each of the first three quarters of its financial year and one month before the announcement of its full year financial statements (the "Repurchase Blackout Period"). While the SGX Listing Manual does not expressly prohibit purchases of shares by a listed company during any particular time or times, the Company will not repurchase any shares after the occurrence of an event which could have a material effect on the price of the shares or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced, as the Directors and the management of the Company will be considered "insiders" and are prohibited from procuring the Company to deal in its securities under the SFA.

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There is no requirement under the SGX Listing Manual nor the Singapore Companies Act for the Company to prepare an interim report. Further, the HKEx has granted the Company a waiver from strict compliance with Rule 13.48 of the HKEx Listing Rules and certain disclosure requirements under Appendix 16 of the HKEx Listing Rules. Please refer to the sub-section titled “Delivery of Interim Report to Shareholders” in Part B of this section. Instead, the Company publishes its quarterly results on the SGXNET, in accordance with the requirements of the SGX Listing Manual.

In respect of quarterly results of the Company, under the Company’s current practice pursuant to Rule 1207(18)(c) of the SGX Listing Manual, the Repurchase Blackout Period occurs two weeks before the announcement of the relevant quarterly results.

Corresponding provisions under Singapore laws and regulations

The Company considers the Repurchase Blackout Period currently adopted provides adequate investor protection and accordingly the Company has applied for waivers from the HKEx to follow its current practice instead of the period imposed by the HKEx Listing Rules by having the following Repurchase Blackout Periods:

- (1) the Repurchase Blackout Period for annual results will be one month before the announcement of the annual result; and
- (2) the Repurchase Blackout Period for quarterly results will be two weeks before the announcement of the quarterly results.

Waiver granted and conditions

The Company has applied for, and the HKEx has granted a waiver from strict compliance with Rules 10.06(2)(a) and 10.06(2)(e), subject to the condition that the Company will comply with the requirements under Rule 1207(18)(c) of the SGX Listing Manual and the requirement not to repurchase Shares after a price sensitive event until such information has been made publicly available.

Reporting Requirements in relation to Share Repurchases

Requirements under the HKEx Listing Rules

Rule 10.06(4)(a) of the HKEx Listing Rules provides, *inter alia*, that where an issuer makes a purchase of shares, whether on the HKEx or otherwise, it shall submit for publication to the HKEx the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases (as applicable), and confirm that purchases made on the HKEx were made in accordance with the HKEx Listing Rules. In respect of purchases made on another stock exchange, the issuer’s report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that stock exchange.

Corresponding provisions under Singapore laws and regulations

Under Rule 886 of the SGX Listing Manual, the Company is required to notify the SGX-ST of any share repurchase in a prescribed form:

- (i) in the case of a market acquisition, by 9:00 a.m. on the market day following the day on which it purchased shares;
- (ii) in the case of an off-market acquisition under an equal access scheme, by 9:00 a.m. on the second market day after the close of acceptances of the offer.

The prescribed form of the notification will specify details of the Share purchase, including whether the purchases were done by way of market acquisition or off-market acquisition on an equal access scheme, the maximum number of Shares authorised by shareholders under the share repurchase mandate, and the

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total number of Shares purchased, the number of Shares cancelled or held as treasury Shares, the price paid per Share or the highest and lowest price paid per Share, the total consideration (including stamp duties, clearing charges, etc) paid or payable for the Shares, details on the cumulative number of shares purchased since the date on which the share repurchase mandate is obtained, the number of issued Shares excluding treasury Shares after the purchase and the number of treasury Shares held after the purchase.

In addition, the Directors of the Company are required under Section 76B(9) of the Singapore Companies Act to lodge with the Registrar of Companies (as appointed under the Singapore Companies Act) the notice of purchase or acquisition in the prescribed form and providing particulars including the date of the purchase, the number of Shares purchased, the number of Shares cancelled and the issued share capital of the Company before and after the purchase, etc.

In respect of debt instruments, there is no specific requirement imposed on issuers whose shares are listed on the SGX-ST to announce repurchases of other securities. However, the Company will still be required to comply with the general disclosure obligation under Rule 703 of the SGX Listing Manual. Additionally, in the event that the relevant debt securities are listed on the SGX-ST, Rules 745 and 747 of the SGX Listing Manual stipulate that the issuer of such debt securities are required to immediately announce information which may have a material effect on the price or value of the debt securities or on an investor's decision whether to trade in such debt securities as well as any redemption or cancellation of such debt securities. In this respect, the practice in Singapore is not to announce every single repurchase of debt securities, but only repurchases which in aggregate are material with respect to the Issuer.

Waiver granted and conditions

The Company has applied for, and the HKEx has granted a waiver from strict compliance with Rules 10.06(4)(a), 13.25A(2)(a)(vii) and 13.31(1), subject to the conditions that:

- (i) the Company will comply with Rule 13.09(2) to release any announcements required under Rule 886 of the SGX Listing Manual simultaneously on the HKEx to avoid unequal dissemination of information; and
- (ii) the Company will file the share repurchase report as required under the Singapore rules and regulations as an overseas regulatory announcement in Hong Kong under Rule 13.09(2) at the same time it is published in Singapore.

Share Repurchase and Treasury Shares

Requirements under the HKEx Listing Rules

According to Rule 10.06(5) of the HKEx Listing Rules, an issuer must ensure that the documents of title of shares repurchased by the issuer are automatically cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

Corresponding provisions under Singapore laws and regulations

Under the Singapore Companies Act, Shares that are repurchased by the Company shall, unless held in treasury, be deemed to be cancelled immediately on purchase or acquisition. The Company has the option to hold repurchased Shares in treasury (with the option to dispose pursuant to the Singapore Companies Act, instead of automatically cancelling them). If the Company chooses to hold repurchased Shares in treasury, instead of cancelling them, it would not be in compliance with the first requirement under Rule 10.06(5) of the HKEx Listing Rules. In addition, Rule 19.43(2) of the HKEx Listing Rules provides that the HKEx will be prepared to waive the requirement to cancel and destroy the documents of title of purchased shares in the case of an overseas issuer whose primary exchange permits treasury stock, provided that the overseas issuer must apply for the relisting of any such shares which are reissued as it

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were a new issue of those shares. The Company currently does not hold any treasury Shares. However, the Company intends to have the option to continue to hold repurchased Shares in treasury in the future and will apply for the relisting of any such treasury Shares which are reissued as if they were a new issue of those Shares in accordance with Rule 19.43(2) of the HKEx Listing Rules. For further information on treasury shares under the Singapore Companies Act, please see “Appendix IX – Description of Relevant Laws and Regulations – Treasury Shares” to this listing document.

Waiver granted and conditions

Accordingly, the Company has applied for, and the HKEx has granted, a continuing waiver from strict compliance with Rule 10.06(5) of the HKEx Listing Rules with respect to the Company’s current and future Shares held in treasury, subject to the following conditions that the Company:

- (i) is primary listed on the SGX-ST and secondary listed on the HKEx and will apply to the HKEx for the relisting of any such treasury Shares which are reissued under Rule 19.43(2) of the HKEx Listing Rules;
- (ii) comply with the relevant provisions of the HKEx Listing Rules applicable to treasury Shares (subject to applicable statutory and regulatory provisions in the Singapore) if it is no longer listed on the SGX-ST;
- (iii) will comply with the Singapore Companies Act and the SGX Listing Manual regarding the treasury Shares and inform the HKEx of any failure to comply or any waiver to be granted in Singapore;
- (iv) will inform the HKEx of any change being made to the Singapore regime on treasury shares;
- (v) will confirm compliance with the waiver conditions in the Company’s annual reports, circulars or other relevant documents to shareholders seeking approval of the repurchase mandate;
- (vi) will comply with the relevant provisions on changes to the Hong Kong regulatory regime and the HKEx Listing Rules regarding treasury Shares; and
- (vii) will disclose to the public the grant of this waiver setting out relevant details including the circumstances and the conditions imposed.

As part of the waiver application, the Company and the HKEx have agreed to a list of modifications to a number of HKEx Listing Rules necessary to enable the Company to hold its current and future treasury shares. The modifications to the HKEx Listing Rules also reflect various consequential matters to deal with the fact that the Company may hold treasury shares in the future. As there may be rule or other regulatory changes from time to time, the Company is required to submit to the HKEx any further consequential modifications to the HKEx Listing Rules on an annual basis and have them agreed with the HKEx from the outset. Such consequential modifications will also be subject to announcement requirements and disclosures in the annual report. With regard to general disclosure, the Company will disclose, apart from the relevant figures, details on (i) how the Company will use its treasury Shares; and (ii) how the Company used its treasury Shares in its quarterly or annual financial statements under the section describing the changes in share capital.

By way of summary, the modifications relate to certain HKEx Listing Rules which contain a calculation by reference to the Company’s issued share capital, in so far as they apply to the Company, so that any Shares which the Company holds in treasury from time to time are excluded for the purposes of such calculation. In addition, the definition of market capitalisation in the HKEx Listing Rules has been modified such that for the purpose of calculating the market capitalisation of the Company pursuant to the relevant HKEx Listing Rule, any treasury Shares held by the Company are excluded from such calculation. For a full list of the modifications agreed between the Company and the HKEx, please see “Appendix II – Modifications of the HKEx Listing Rules” to this listing document. The list has included modifications to a number of HKEx Listing Rules enabling the Company to hold treasury Shares currently and in the future.

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Disclosure of Certain Matters Relevant to the Company's Business

Requirements under the HKEx Listing Rules

Rules 13.11 to 13.19 of the HKEx Listing Rules require disclosure of information in relation to specified matters relevant to the Company's business, including in relation to advances to an entity, financial assistance and guarantees to affiliated companies of an issuer, pledging of shares by the controlling shareholder, loan agreements with covenants relating to specific performance of the controlling shareholder, and breach of loan agreement by an issuer. Rules 13.20 to 13.22 stipulate certain continuing disclosure requirements relating to Rule 13.13 and Rules 13.16 to 13.19.

Corresponding provisions under Singapore laws and regulations

The Company is currently regulated under the SGX Listing Manual, which already provides rules which will cover the information required to be disclosed under Rules 13.11 to 13.15A and 13.19. For instance, the Company is required under Appendix 7.1 paragraph 8(k) read with Rule 703 of the SGX Listing Manual to make an immediate announcement upon the occurrence of the borrowing of a significant amount of funds. The Company is also required under Rules 905 and 906 of the SGX Listing Manual to make an immediate announcement where the value of the loans to be given to interested persons or their associates, and the interest payable on such loans exceeds 3% of the Group's latest audited NTA and obtain shareholders' approval if the value of such loans and interest payable on such loans exceeds 5% of the Group's latest audited NTA. Further, Appendix 7.1 paragraph 8(l) read with Rule 703 of the SGX Listing Manual, the Company is obliged to make immediate disclosure of any occurrences of an event of default in any of its debt or other securities or financing or sale agreements.

In relation to Rules 13.16 to 13.18, although there are no specific analogous provisions under the SGX Listing Manual, the Company is obligated to provide timely disclosure of material information in accordance with the general disclosure requirement pursuant to Rule 703 of the SGX Listing Manual to disclose all information which is necessary to avoid the establishment of a false market in the Company's securities and would be likely to materially affect the price or value of its securities. Therefore, to the extent that any financial assistance and guarantees provided to affiliated companies of the Company, the pledging of shares by any controlling shareholder or any loan agreement with covenants relating to any specific performance of any controlling shareholder entered into by the Group, falls within Rule 703 of the SGX Listing Manual, the Company will announce such information accordingly.

Waiver granted and conditions

The Company has applied for, and the HKEx has granted, a waiver from strict compliance with Rules 13.11 to 13.22, subject to the condition that the Company will instead make disclosures for all such matters where these are relevant to the general obligation of disclosure under Rule 13.09(1) of the HKEx Listing Rules.

General Mandate for New Share Issuances

Requirements under the HKEx Listing Rules

Rule 13.36(2)(b) of the HKEx Listing Rules states that no consent is required to be obtained in a shareholders in general meeting pursuant to Rule 13.36(1) of the HKEx Listing Rules if the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer to allot or issue shares of the issuer subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of 20% of the existing issued share capital of the issuer (as at the date of granting of such general mandate) plus the number of such securities repurchased by the issuer itself since the granting of the general mandate.

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Corresponding provisions under Singapore laws and regulations

Pursuant to Section 161 of the Singapore Companies Act and Rule 806 of the SGX Listing Manual, the Company is allowed to obtain the approval of its shareholders by way of ordinary resolution for a general mandate to issue Shares and convertible securities, provided that the number of Shares and convertible securities that may be issued under the general mandate must not be more than 50% of the total number of issued Shares excluding treasury Shares, of which the aggregate number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders must not be more than 20% of the total number of issued Shares excluding treasury Shares. The total number of issued Shares is determined by reference to the total number of issued Shares excluding treasury Shares at the time of the passing of the resolution approving the general mandate after adjusting for new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards outstanding or subsisting at the time of passing of the resolution approving the mandate and any subsequent bonus issue, consolidation or subdivision of shares. Such a general mandate remains in force until the earlier of (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, provided it is not revoked or varied by the Company in a general meeting.

There are some differences between the Singapore regime and the Hong Kong regime. Pursuant to Rule 806 of the SGX Listing Manual, the total number of issued shares is determined by reference to the total number of issued shares excluding treasury shares at the time of the passing of the resolution approving the general mandate after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards outstanding or subsisting at the time of passing of the resolution approving the mandate and any subsequent bonus issue, consolidation or subdivision of shares. However, under the HKEx Listing Rules, while the total number of shares which could be issued under a general mandate granted is also determined by reference to the total number of issued shares when the general mandate is approved by shareholders in general meeting, adjustment due to shares repurchased by the issuer have to be approved by existing shareholders of the issuer by a separate ordinary resolution in general meeting to add such repurchased securities to the 20% general mandate. Further, there are no provisions relating to adjustments due to new shares arising from the conversion or exercise of convertible securities, from the exercise of employee share options or vesting of share awards, nor adjustments due to subsequent bonus issues or a consolidation or subdivision of shares.

Waiver granted

The Company has made an application to the HKEx, and the HKEx has granted a waiver from strict compliance with 13.36(2)(b) of the HKEx Listing Rules so that the total number of shares which it is able to issue under a general mandate will be determined in accordance with Rule 806 of the SGX Listing Manual.

Delivery of Copies of Annual Reports, Interim Reports, Circulars and Notices

Requirements under the HKEx Listing Rules

Rules 13.46(2), 13.48, 13.55(1) and 13.71 of the HKEx Listing Rules require an issuer to provide copies of all annual reports, interim reports, circulars and notices to all holders of listed securities of the Group, wherever they are located.

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Corresponding provisions under Singapore laws and regulations

There is no requirement under the SGX Listing Manual nor the Singapore Companies Act for the Company to provide hard copies of annual reports, interim reports, circulars and notices to holders of its or its subsidiaries' listed debt securities. Currently, as required under the SGX Listing Manual and the Singapore Companies Act, the Company provides its shareholders, but not holders of its or its subsidiaries' listed debt securities, copies of its circulars, annual reports, circulars and notices. The Company does not provide physical copies of its announcements which are only made available on the SGXNET. Further, there is no requirement under the SGX Listing Manual for the Company to issue any interim reports, but it is required to make announcements of its quarterly financial results on the SGXNET.

Background and basis of the waiver

In relation to Rules 13.46 (Distribution of Annual Reports and Accounts), 13.48 (Distribution of Interim Reports), 13.55(1) (Circulars to Holders of Securities) and 13.71 (Notices to all Holders) of the HKEx Listing Rules, the Company would like to highlight that:

- (a) it has been posting and will continue to post all announcements and communications to holders of its listed securities or its subsidiaries' listed securities on SGXNET, as required by the SGX Listing Manual, and on its corporate website. The Company provides hard copies of annual reports, circular and notices (but not its announcements, which are only made on the SGXNET, nor its interim report because a SGX listed issuer is only required to prepare and announce quarterly results and is not required to prepare an interim report) to its shareholders (but not holders of its or its subsidiaries' listed debt securities), where they request for hard copies in addition to the CD-ROMs, as a matter of practice. Shareholders with registered addresses in Hong Kong will receive the same hard copies or CD-ROMs;
- (b) the Company also posts all its corporate communication, including announcements, circulars to shareholders and annual reports required to be issued by the SGX Listing Manual on its corporate website, www.capitamallsasia.com;
- (c) the Company is not required under SGX Listing Manual to prepare interim reports and has obtained a waiver from strict compliance with Rules 13.48 to deliver interim reports to shareholders (please refer to the waiver below titled as "Delivery of Interim Report to Shareholders" for further information); and
- (d) it is not feasible and it will be extremely costly, burdensome and time consuming to send copies of annual reports, circulars and notices to all holders of the Company's securities, wherever they are located. It is noted that the Company has in place a medium term note programme ("MTN Programme") through the Company's wholly-owned subsidiary CapitaMalls Asia Treasury Limited ("CMA Treasury"). CMA Treasury issued notes under the MTN Programme in August 2010 and has recently in January 2011 issued retail bonds ("Retail Bonds") to the public. The number of holders of the Retail Bonds currently amount to more than 8,800 accounts. The Company also has a total of 34,071 number of shareholders on the register of The Central Depository (Pte) Limited ("CDP") as at December 31, 2010. After the secondary listing of the Company on the HKEx, it is expected that the number of shareholders and therefore the total number of holders of the Group's listed securities will likely increase.

As of the Latest Practicable Date, the Company has a total number of 36,352 shareholders and there are 8,799 holders of listed debt securities of the Company and its subsidiaries. To require the sending of hard copies of corporate communications to holders of listed debt securities of the Company and its subsidiaries who would otherwise not be entitled to receive such documents is unduly burdensome administratively and costly, even though all holders of listed debt securities of the Company and its subsidiaries at whatever location around the world can access all the corporate communications via SGXNET, HKEx's website and the Company's website.

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Further, in addition to announcements that are required under the SGX Listing Manual, as a matter of good corporate governance to ensure equal dissemination of information to investors, the Company may also post announcements that are not strictly required under the SGX Listing Manual (e.g. the winning of awards, participation in charity events etc) and press releases and slide presentations (e.g. to analysts) that accompany the mandatory announcement required under the SGX Listing Manual, and which do not contain information that is not already contained in the mandatory announcement which it accompanies, or in other announcements that have already been publicly released.

Waiver granted and conditions

The Company has applied for, and the HKEx has granted a partial waiver from strict compliance with Rules 13.46(2), 13.48, 13.55(1) and 13.71 of the HKEx Listing Rules to provide physical copies of all corporate communications and such other documents required to all holders of listed debt securities of the Company and its subsidiaries, wherever they are located, subject to the following conditions:

- (a) the Company will publish all corporate communications issued by it to holders of listed securities of the Company and its subsidiaries in the HKEx's website and its own website in English and Chinese;
- (b) the Company will provide copies of its annual reports, circulars and notices to its shareholders in English and Chinese;
- (c) the Company will provide shareholders with registered addresses in Hong Kong or Singapore after listing with an option to request electronic copies of corporate communications in English and Chinese; and
- (d) the Company will continue to publish a notice on the front page of its website whenever new corporate communications are issued to notify shareholders of the new corporate communications.

Delivery of Interim Report to Shareholders

Requirements under the HKEx Listing Rules

Rule 13.48 of the HKEx Listing Rules provides that an issuer must send its interim report and accounts (or a compliant summary report) in respect of the first six months of each financial year of an issuer to its shareholders not later than three months after the end of the interim period. Rule 13.48 also stipulates that the interim report must comply with the requirements of Appendix 16 of the HKEx Listing Rules.

Corresponding provisions under Singapore laws and regulations

There is no requirement in Singapore to send an interim report to shareholders, and the Company therefore does not do so. The Company does, however, announce its quarterly results on the SGXNET, in accordance with the requirements of the SGX Listing Manual (not later than 45 days after the end of the period to which the report relates). The Company currently publishes its quarterly results within the 45 days after the quarter end or in relation to the financial statements for the full financial year, not later than 60 days after the relevant financial year. Under Section 201 of the Singapore Companies Act and Rule 707 of the SGX Listing Manual, the Company is required to hold its annual general meeting no later than four months from the end of its financial year, and the annual report must be issued to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. As investors will be receiving more information on the financial and operating position of the Company than currently required under the HKEx Listing Rules, it is submitted that it would not prejudice investors if they do not receive an interim report.

Background and basis of the waiver

The Company considers that it would be unduly onerous if it were to include information required under Appendix 16 to the HKEx Listing Rules in its interim reports which it is not required in Singapore.

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The Company will continue to announce its quarterly results on the SGXNET in accordance with the requirements of the SGX Listing Manual (as set out in Appendix 7.2 of the SGX Listing Manual). These requirements include items such as:

- (i) whether the financial figures included have been audited or reviewed;
- (ii) where the financial figures have been audited or reviewed, the auditors' report;
- (iii) whether there have been any changes to the accounting policies or methods of computation, including the reasons for and the effect of such changes;
- (iv) earnings per share of the group and net asset value per share of the issuer and the group for the relevant financial period and the corresponding period of the immediately preceding year;
- (v) a review of the financial performance of the group, to the extent necessary for a reasonable understanding of the group's business;
- (vi) a commentary of significant trends and competitive conditions of the relevant industry and any known factors which may affect the group in the next reporting period and for the next 12 months; and
- (vii) whether any dividend has been declared or recommended, and if so, the details of such declaration or recommendation as the case may be.

Waiver granted

Accordingly, the Company has applied for, and the HKEx has granted the Company a waiver from compliance with Rule 13.48 of the HKEx Listing Rules.

Notifiable Transactions and Connected Transactions

Requirements under the HKEx Listing Rules

Chapters 14 and 14A of the HKEx Listing Rules provide for a range of continuing obligations which apply to an issuer listed on the HKEx, including in relation to "Notifiable Transactions" and "Connected Transactions". Rule 13.23(1) and paragraphs 8 and 23 of Appendix 16 to the HKEx Listing Rules also prescribe disclosure obligations of an issuer relating to Chapters 14 and 14A. As the Company was incorporated in Singapore and is primarily listed on the SGX-ST, the Company is already subject to a wide range of continuing obligations, which are broadly commensurate with the shareholder protections under Chapters 14 and 14A of the HKEx Listing Rules. For details regarding the rules and regulations under the SGX Listing Manual relating to independent shareholders' approval or preparation of a shareholder circular on notifiable transactions and connected transactions, please refer to "Appendix IX – Description of Relevant Laws and Regulations – Notifiable Transactions and Connected Transactions" to the document.

The Rules under Chapter 14 of the HKEx Listing Rules relating to notifiable transactions are intended to keep the shareholders of an issuer informed of the ongoing operations of the issuer so that they can assess the impact of a particular transaction and vote on significant transactions. In addition, these rules also reinforce the general disclosure principle of price-sensitive information to keep the public apprised of the position of issuers and to avoid the establishment of a false market in the issuers' listed securities.

The connected transactions rules in Chapter 14A of the HKEx Listing Rules are intended to guard against the risk that connected persons could take advantage of their positions and influence the issuer into connected transactions which adversely affect the interests of the issuer or its shareholders.

Set out below is a description of the relevant provisions under the SGX Listing Manual which govern transactions that are similar to "notifiable transactions" or "connected transactions" under the HKEx Listing Rules.

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Corresponding provisions under Singapore laws and regulations

I. Rules governing Discloseable Transactions under the SGX Listing Manual

Background

Chapter 10 of the SGX Listing Manual sets out the rules for transactions by issuers, principally acquisitions and realisations. However, Chapter 10 is not applicable for acquisitions and realisations which are in, or in connection with, the ordinary course of business or of a revenue nature. It does not matter whether the consideration paid or received is cash, shares, other securities, other assets, or any combination of these. Chapter 10 of the SGX Listing Manual also describes how transactions are classified, what requirements are for announcements, and whether a circular and shareholder approval are required. Practice Note 10.1 of the SGX Listing Manual sets out certain factors which the SGX-ST will take into account in deciding whether a transaction is in the ordinary course of an issuer's business, including but not limited to, whether the transaction would change the risk profile of the issuer. An opinion from the board of directors of the issuer that there will be a material change in the risk profile of the issuer arising from the transaction and a confirmation by an independent financial adviser acceptable to the SGX-ST that the opinion of the board of directors of the issuer and their basis have been stated after due and careful enquiry would also have to be submitted to the SGX-ST. Where a waiver is granted by the SGX-ST, an issuer will be required to announce such an opinion, the confirmation and their basis via the SGXNET.

A transaction under Chapter 10 of the SGX Listing Manual is categorized into four classes based on certain tests, where transactions are graded in terms of importance for the purpose of determining the appropriate level of information to be available and whether shareholder approval is required. The tests are principally tests of size, comparing certain financial information relating to the issuer making the acquisition or disposal on the one hand, with the company, business or assets being acquired or disposed by it on the other. The figures for each are compared and then expressed as a percentage. The percentage will determine the categorisation of the transaction.

The tests are set out in Rule 1006 of the SGX Listing Manual. There are four comparisons, the first of which only applies to a disposal while the last of which only applies to an acquisition. The comparisons are as follows (the "Rule 1006 Bases"):

- (a) ***Assets to Assets*** – compares the net asset value of the assets to be disposed of, compared with the issuer group's net asset value.
- (b) ***Profits to Profits*** – compare the net profits attributable to the assets acquired or disposed of, compared to the issuer group's net profits.
- (c) ***Consideration to Market Capitalisation*** – compares the aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued units excluding treasury shares. This test expresses the value of the transaction as a proportion of the market's perception of the issuer's worth which, in respect of the vast majority of companies in most sectors, significantly exceeds the net asset value.
- (d) ***Proportion of total equity securities to be issued as consideration*** – shows the percentage representing the number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. This test expresses the proportion of the issuer's share capital which will be enlarged as a result of an acquisition where the consideration is by the issue of shares in the capital of the issuer.

Classification of transactions

There are four categories of transactions:

- (a) ***Non-discloseable transactions*** – A transaction is a non-discloseable transaction if the percentages computed on any of the Rule 1006 Bases amount to 5% or less.

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- (b) **Discloseable transactions** – A transaction is a discloseable transaction if the percentage computed on any of the Rule 1006 Bases exceeds 5% but does not exceed 20%.
- (c) **Major transactions** – A transaction is a major transaction if the percentage computed on any of the Rule 1006 Bases exceeds 20%.
- (d) **Very substantial acquisitions or reverse takeovers** – An acquisition is a very substantial acquisition or a reverse takeover if the percentage computed on any of the Rule 1006 Bases (where applicable to acquisitions) is 100% or more, or is one which will result in a change in control of the issuer.

Disclosures – announcements and circulars

The disclosure and other procedural requirements that must be complied with for each of the classes of transactions are as follows:

A. Non-discloseable transactions

- (a) No announcement of a non-discloseable transaction is generally required. However, there may be instances where announcement is required under the general disclosure requirement pursuant to Rule 703 of the SGX Listing Manual if the transaction is nonetheless considered material for disclosure, or under Rule 905 of the SGX Listing Manual where the transaction is an interested person transaction which value is equal to, or more than 3% of the issuer group's latest audited net tangible assets. The announcement requirements for disclosure under Rule 703 should include all material information relating to the non-discloseable transaction. For an announcement under Rule 905, the announcement requirements are set out in Rule 917 of the SGX Listing Manual, which should include information required under Rule 917 of the SGX Listing Manual (details of which are set out in the section "II. Rules governing Interested Person Transactions under the SGX Listing Manual" below).
- (b) Where the issuer wishes to announce the non-discloseable transaction, the announcement should include:
 - (i) details of the consideration, including the aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment; and
 - (ii) the value (book value, net tangible asset value and the latest available open market value) of assets acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation.

B. Discloseable transactions

A discloseable transaction requires an immediate announcement to be made after terms of the transaction have been agreed. Pursuant to Rule 1010 of the SGX Listing Manual, the contents of the announcement are as follows:

- (a) particulars of the assets acquired or disposed of, including the name of any company or business, where applicable;
- (b) a description of the trade carried on, if any;
- (c) the aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment;
- (d) whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof;
- (e) the value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation;

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- (f) in the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition;
- (g) the net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal;
- (h) the effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year;
- (i) the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year;
- (j) the rationale for the transaction, including the benefits which are expected to accrue to the issuer as a result of the transaction;
- (k) whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests;
- (l) details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction; and
- (m) the relative figures that were computed on the Rule 1006 Bases.

In addition, Rule 1011 states that where a sale and purchase agreement is entered into, or a valuation is conducted on the assets to be acquired, the issuer must include a statement in the announcement that a copy of the relevant agreement, or valuation report is available for inspection during normal business hours at the issuer's registered office for 3 months from the date of the announcement.

Rule 1012 further states that where the announcement contains a profit forecast, which may include any statement which quantifies the anticipated level of future profits, the following additional information:

- (a) details of the principal assumptions including commercial assumptions upon which the forecast is based;
- (b) confirmation from the issuer's auditors that they have reviewed the bases and assumptions, accounting policies and calculations for the forecast, and getting out their report on the bases, assumptions, policies and calculations; and
- (c) a report from the issuer's financial advisers, if one is appointed, confirming that it is satisfied that the forecast has been stated by the directors after due and careful enquiry. If no such adviser has been appointed in connection with the transaction, the issuer must submit a letter from the board of directors confirming that the forecast has been made by them after due and careful enquiry.

Rule 1013(1) of the SGX Listing Manual states that, where the issuer accepts a profit guarantee or a profit forecast (or any covenant which quantifies the anticipated level of future profits) from a vendor of assets/business, the following information on the profit guarantee or the profit forecast must be included:

- (a) the views of the board of directors of the issuer in accepting the profit guarantee or the profit forecast and the factors taken into consideration and basis for such a view;
- (b) the principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee or the profit forecast is based;
- (c) the manner and amount of compensation to be paid by the vendor in the event that the profit guarantee or the profit forecast is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and
- (d) the safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee or the profit forecast is not met, if any.

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For the avoidance of doubt, the term “profit guarantee” can only be used for transactions where the vendor will compensate the issuer in cash for any shortfall in the level of profits when it provides a quantifiable anticipated level of future profits.

Where the profit guarantee or the profit forecast has been met, Rule 1013(1) of the SGX Listing Manual requires the issuer to immediately announce this via SGXNET. Where the profit guarantee or the profit forecast has not been met, pursuant to Rule 1013(3) of the SGX Listing Manual, the issuer should immediately announce via SGXNET the following:

- (a) the variance between the profit guarantee or the profit forecast and the actual profit, and the reason for the variance;
- (b) any variation of the rights of the issuer;
- (c) the possible course(s) of action by the issuer to protect the interests of the shareholders of the issuer, if any. Notwithstanding this, the issuer must provide timely updates on the specific course of action including its progress and outcome of the action; and
- (d) where there is any material variation or amendment in the terms of an agreement, of such a variation. Where such a variation prejudices the issuer, the board of directors of the issuer must disclose the basis for the acceptance of such a variation.

C. Major Transactions

For a major transaction, an announcement is required in the same form as for discloseable transactions. Except in the case of an acquisition of profitable assets where the only percentage threshold exceeded under the Rule 1006 Bases is the profits to profits test, a major transaction must be made conditional upon approval by shareholders in general meeting and a circular must be sent to all shareholders. Practice Note 10.1 of the SGX Listing Manual sets out certain general principles regarding the circumstances under which the SGX-ST may grant a waiver of the requirement for shareholder approval of any major transactions.

The required contents of the circular for a major transaction are as follows:

- (a) all the information required to be contained in an announcement in relation to a discloseable transaction; and
- (b) the information required under Rule 1013(2) of the SGX Listing Manual, being:
 - (i) a confirmation from the auditors of the business/assets to be acquired that they have reviewed the bases and assumptions, accounting policies and calculations for the profit guarantee or the profit forecast, and their opinion on the bases, assumptions, policies and calculations; and
 - (ii) a statement by the financial advisor to the issuer as to whether or not they are of the view that the transaction is on normal commercial terms and is not prejudicial to the interest of the issuer and its shareholders.

D. Very substantial acquisitions or reverse takeovers

If the transaction is a very substantial acquisition or a reverse takeover, it must be made conditional upon the approval of the shareholders and the approval of the SGX-ST. An announcement will also have to be made with the same content requirements as a major transaction, where applicable, and also include the latest three years of pro forma financial information of the assets to be acquired. A circular will have to be despatched to shareholders, the contents of which must include those relating to major transactions. In addition, the circular must contain the following:

- (a) information required to be contained in an announcement and circular in relation to a major transaction, where applicable;

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- (b) where an issuer is seeking a listing through a reverse takeover, the content required under Part II of Chapter 6 of the SGX Listing Manual which include compliance with prospectus disclosure requirements under the Securities and Futures Act, with the necessary adaptations, as well as disclosure of certain financial information;
- (c) an accountants' report on the assets to be acquired and the enlarged group in compliance with Rule 609 of the SGX Listing Manual, which provides that:
 - (i) in the case of a reverse takeover where there have been material changes to the group structure of the issuer, pro forma group accounts must be presented in addition to the annual combined audited accounts, where applicable. The proforma financial information must provide investors with information about the impact of the proposed group structure by illustrating how that group structure might have affected the financial information presented in the prospectus, had the group structure been put in place at the commencement of the period being reported on or, in the case of a proforma balance sheet or net asset statement, at the date reported on. Accordingly, the proforma information must include all appropriate adjustments of which the issuer is aware, necessary to give effect to the group structure reported on, or in the case of a proforma balance sheet or net asset statement, at the date reported on;
 - (ii) the proforma profit and loss statement should be presented for the latest 3 financial years and for the most recent interim period (if applicable) as if the restructured group had been in existence at the beginning of the period reported on. The proforma balance sheet should be presented as at the date to which the most recent proforma profit and loss statement has been made up;
 - (iii) the accountants' report must include details of any transfers to and from any reserves if those transfers are not reflected in the proforma results in respect of each of the financial years reported on;
 - (iv) the reporting accountants must express an opinion as to whether the proforma group accounts are properly prepared and consistent with both the format and accounting policies adopted by the issuer in its financial statements, and whether the adjustments are appropriate for the purposes of preparing the proforma financial statements;
 - (v) the proforma information must:
 - (i) clearly state that it is prepared for illustrative purposes only based on certain assumptions and after making certain adjustments to show the financial position and results of the issuer had the proposed group structure been in place during the relevant period;
 - (ii) clearly state that because of its nature, it may not give a true picture of the issuer's actual financial position or results;
 - (iii) identify the basis upon which it is prepared and the source of each item of information and adjustment; and
 - (iv) be based upon information from audited accounts;
 - (vi) the issuer should use the most appropriate reporting currency in presenting financial information, taking into account the functional currencies of its businesses, the reporting currency for publication of future financial statements, and other factors relevant to a full and proper understanding by investors of the group's financial condition, risks and prospects;
 - (vii) where there has been a material change to the company's accounting policies, a summary of the significant changes in the accounting policies and the reasons for and quantitative impact of such changes on the issuer's financial results should be provided; and
 - (viii) the annual combined financial statements must be audited by certified public accountants in accordance with Singapore Standards on Auditing, International Standards on Auditing, or US generally accepted auditing standards, as the case may be;

WAIVERS

- (d) a statement by the directors that they individually and collectively accept full responsibility for the accuracy of the information given in the document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in the document are fair and accurate in all material respects as at the date of the circular and that there are no material facts the omission of which would make any statements in the circular misleading, and that the profit forecast (if any) has been stated by the directors after due and careful enquiry; and
- (e) a statement by the financial adviser(s) that, to the best of its knowledge and belief, the circular constitutes full and true disclosure of all material facts about the issue, the issuer and its subsidiaries, and that the financial adviser(s) is not aware of any facts the omission of which would make any statement in the circular misleading, and where the document contains a profit forecast, that it is satisfied that the profit forecast has been stated by the directors after reasonable enquiry.

Shareholders' approval

Major transactions and very substantial acquisitions or reverse takeovers are subject to shareholders' approval. A shareholders' meeting shall be convened to approve any such transactions after the relevant circular is sent to all shareholders.

II. Rules governing Interested Person Transactions under the SGX Listing Manual

Background

Chapter 9 of the SGX Listing Manual sets out the obligations of listed companies on the SGX-ST in relation to interested person transactions. The objective of Chapter 9 is to guard against the risk that interested persons could influence the issuer, its subsidiaries and associated companies, to enter into transactions with interested persons that may adversely affect the interest of the issuer or its shareholders.

For the purposes of Chapter 9 of the SGX Listing Manual,

- (a) an "interested person transaction" means a transaction between an entity at risk and an interested person;
- (b) an "interested person" means:
 - (i) a director, chief executive officer, or controlling shareholder of the issuer; or
 - (ii) an associate (as defined below) of any such director, chief executive officer, or controlling shareholder;
- (c) an "entity at risk" means (i) the issuer, (ii) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or (iii) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company; and
- (d) an "associate" refers:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), to:
 - (I) his immediate family;
 - (II) the trustee of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (III) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

WAIVERS

Any transaction between an entity at risk and an interested person will be an interested person transaction, regardless of size, although the size of the transaction will still need to be considered as interested person transactions below a certain threshold value can be disregarded, and the size of the transaction will affect the need for shareholders' approval and the availability of exemptions from the requirements otherwise applicable.

Disclosures – announcements and circulars

The requirements for an interested person transaction, subject to certain exemptions, are as follows:

(a) Announcement

The issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amount to 3% or more of the group's latest audited net tangible, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year. The aforesaid does not apply to any transactions below S\$100,000.

Pursuant to Rule 917 of the SGX Listing Manual, the announcements must contain the following information:

- (i) details of the interested person transacting with the entity at risk, and the nature of that person's interest in the transaction;
- (ii) details of the transaction including relevant terms of the transaction, and the bases on which the terms were arrived at;
- (iii) the rationale for, and benefit to, the entity at risk;
- (iv) except for transactions satisfying Rule 916(1), (2) and (3), a statement:
 - (I) whether or not the audit committee of the issuer is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the issuer and its minority shareholders; or
 - (II) that the audit committee is obtaining an opinion from an independent financial adviser before forming its view, which will be announced subsequently;
- (v) the current total for the financial year of transactions with the particular interested person whose transaction is the subject of the announcement and the current total of all interested person transactions for the same financial year; and
- (vi) where the issuer accepts a profit guarantee or a profit forecast (or any covenant which quantifies the anticipated level of future profits) from the vendor of businesses/assets the information required under Rule 1013(1) of the SGX Listing Manual. The issuer must also comply with Rule 1013(3) of the SGX Listing Manual.

(b) Circular

An issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than 5% of the group's latest audited net tangible assets, or more than 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. The aforesaid does not apply to any transaction below S\$100,000.

WAIVERS

Where shareholder approval is required, the issuer must send an explanatory circular, approved by the SGX-ST, to its shareholders. The circular must contain the information required by the SGX Listing Manual, which includes:

- (i) details of the interested person transacting with the entity at risk, and the nature of that person's interest in the transaction;
- (ii) details of the transaction (and all other transactions which are the subject of aggregation) including relevant terms of the transaction, and the bases on which the terms were arrived at;
- (iii) the rationale for, and benefit to, the entity at risk;
- (iv) (a) an opinion in a separate letter from an independent financial adviser who is acceptable to the SGX stating whether the transaction (and all other transactions which are the subject of aggregation):
 - (I) is on normal commercial terms, and
 - (II) is prejudicial to the interests of the issuer and its minority shareholders;

(b) however, the opinion from an independent financial adviser is not required for the following transactions. Instead, an opinion from the audit committee in a prescribed form must be disclosed:

 - (I) the issue of shares pursuant to Part IV of Chapter 8 of the SGX Listing Manual, or the issue of other securities of a class that is already listed, for cash; or
 - (II) purchase or sale of any real property where:
 - the consideration for the purchase or sale is in cash;
 - an independent professional valuation has been obtained for the purpose of the purchase or sale of such property; and
 - the valuation of such property is disclosed in the circular;
- (v) an opinion from the audit committee, if it takes a different view to the independent financial adviser;
- (vi) all other information known to the issuer or any of its directors, that is material to shareholders in deciding whether it is in the interests of the issuer to approve the transaction. Such information includes, from an economic and commercial point of view, the true potential costs and detriments of, or resulting from, the transaction, including opportunity costs, taxation consequences, and benefits forgone by the entity at risk;
- (vii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction; and
- (viii) where the issuer accepts a profit guarantee or a profit forecast (or any covenant which quantifies the anticipated level of future profits) from the vendor of businesses/assets, the information required in Rules 1013(1) and 1013(2) (details which are set out in the section "I. Rules governing Discloseable Transactions under the SGX Listing Manual" above), and a statement confirming that it will comply with Rule 1013(3) (details which are set out in the section "I. Rules governing Discloseable Transactions under the SGX Listing Manual" above).

Where the interested person transactions involve acquisitions or disposals, the announcement and circular requirements under Chapter 10 of the SGX Listing Manual will apply concurrently with Chapter 9 of the SGX Listing Manual.

Shareholders' approval

If an interested person transaction requires shareholders' approval, the issuer must obtain such approval either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. Such shareholders' approval shall be obtained by ordinary resolution in a general meeting, and the interested person and any of his associates must not vote on the resolution approving the transaction.

WAIVERS

An issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. Such a general mandate shall be subject to annual renewal.

Waiver granted

On the basis that the rules applicable to the Company by virtue of its primary listing on the SGX-ST provide sufficient alternative protection, the Company has applied for, and the HKEx has granted, waivers from the requirements under Chapters 14 and 14A and Rule 13.23(1) of the HKEx Listing Rules.

Conditions to the Issue of Options, Warrants and Similar Rights

Requirements under the HKEx Listing Rules

Chapters 15 and 27 of the HKEx Listing Rules set out certain criteria to be satisfied by a listed issuer before the HKEx will grant approval for the issue or grant of options, warrants or similar rights to subscribe or purchase equity securities by the listed issuer or any of its subsidiaries and to the issue of warrants which are attached to other securities by the listed issuer or any of its subsidiaries, as well as the minimum content to be included in the circular or the notice to be sent to the shareholders when convening a general meeting to approve the issue or grant of such options, warrants or rights.

Rule 15.01 of the HKEx Listing Rules applies to options, warrants and similar rights to subscribe or purchase equity securities of an issuer which are issued or granted on their own by that issuer or any of its subsidiaries, as well as to warrants which are attached to other securities. However, it does not apply to any employee options which are granted on a basis covered by Chapter 17 of the HKEx Listing Rules. Rule 15.02 states that warrants must be approved by the HKEx (even if they are not listed) and by shareholders in a general meeting (or under general mandate). Generally, the securities to be issued on exercise must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, exceed 20 per cent. of the issued share capital of the issuer at the time such warrants are issued. Such warrants must expire not less than one year and not more than five years from the date of issue or grant and must not be convertible into further rights to subscribe for securities which expire less than one year or more than five years after the date of issue or grant of the original warrants. Rules 15.06 and 27.04 of the HKEx Listing Rules state that any alterations in the terms of warrants after their issue or grant must be approved by the HKEx. Practice Note 4 of the HKEx Listing Rules sets out certain additional requirements for the issue of new warrants to existing warrant holders by a listed issuer or the alteration of the exercise period or the exercise price of existing warrants.

Corresponding provisions under Singapore laws and regulations

The Company is already subject to Chapter 8 of the SGX Listing Manual which governs the issue of options, warrants and convertible securities. Rule 824 of the SGX Listing Manual states that every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting. Pursuant to Rule 806 of the SGX Listing Manual in respect of the general mandate granted by shareholders, the number of convertible securities that may be issued other than on a pro rata basis to existing shareholders, must not be more than 20% of the total number of issued shares at the time the resolution approving such general mandate is passed. The issuer must also submit an additional listing application for the issue of such convertible securities to the SGX under Rule 875 of the SGX Listing Manual.

WAIVERS

There is no requirement under the SGX Listing Manual for alterations in the terms of company warrants or convertible securities after their issue or grant to be approved by the SGX. However, Rule 829 of the SGX Listing Manual states that the terms of the issue must provide for:

- (i) adjustment to the exercise price and, where appropriate, the number of company warrants or convertible securities, in the event of rights, bonus or other capitalisation issues;
- (ii) the expiry of the company warrants or convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants at least 1 month before the expiration date; and
- (iii) any material alteration to the terms of company warrants after issue to the advantage of the holders of such securities to be approved by holders of such company warrants or convertible securities, except where the alterations are made pursuant to the terms of the issue.

Pursuant to Rule 830 of the SGX Listing Manual, an issuer must announce any adjustment made pursuant to Rule 829(1). Additionally, under Rule 831 of the SGX Listing Manual, except where the alterations are made pursuant to the terms of an issue, an issuer must not:

- (i) extend the exercise period of an existing company warrant;
- (ii) issue a new company warrant to replace an existing company warrant;
- (iii) change the exercise price of an existing company warrant; or
- (iv) change the exercise ratio of an existing company warrant.

Further, Rule 825 of the SGX Listing Manual states that in procuring the approval of shareholders in a general meeting for the issuance of company warrants or other convertible securities, the circular to the shareholders must include the recommendations of the board of directors of the issuer on such an issue of company warrants or convertible securities and the basis for such recommendation(s). Rule 832 of SGX Listing Manual requires the circular issued to shareholders in connection with a general meeting to approve the issue of company warrants or other convertible securities to include the following information:

- (i) the maximum number of the underlying securities which would be issued or transferred on exercise or conversion of the company warrants or other convertible securities;
- (ii) the period during which the company warrants or other convertible securities may be exercised and the dates when this right commences and expires;
- (iii) the amount payable on the exercise of the company warrants or other convertible securities;
- (iv) the arrangements for transfer or transmission of the company warrants or other convertible securities;
- (v) the rights of the holders on the liquidation of the issuer;
- (vi) the arrangements for the variation in the subscription or purchase price and in the number of company warrants or other convertible securities in the event of alterations to the share capital of the issuer;
- (vii) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer;
- (viii) a summary of any other material terms of the company warrants or other convertible securities;
- (ix) the purpose for and use of proceeds of the issue, including the use of future proceeds arising from the conversion/exercise of the company warrants or other convertible securities; and
- (x) the financial effects of the issue to the issuer.

WAIVERS

The issue of options and warrants by a Singapore incorporated, SGX listed company is subject to a legal and regulatory regime which includes protections to shareholders (described above) which have differences from the rules in Chapter 15, Chapter 27 and Practice Note 4 of the HKEx Listing Rules, so that compliance with the HKEx Listing Rules would put the Company at a disadvantage compared to other companies with listings on the SGX.

Waiver granted

As a result, the Company has applied for, and the HKEx has granted, a waiver from the application of Chapter 15, Chapter 27 and Practice Note 4 with the effect that such Chapters, Rules and Practice Note shall only apply to the extent the relevant options, warrants or similar rights that are listed or to be listed on the HKEx.

Chapter 28 of the HKEx Listing Rules

Requirements under the HKEx Listing Rules

Chapter 28 of the HKEx Listing Rules sets out the rules relating to the listing of convertible debt securities by an issuer.

For instance, Rule 28.03 of the HKEx Listing Rules is similar conceptually with Rule 827, which provides that the convertible securities (which include convertible debt securities) may be listed only if the underlying securities are (or will become at the same time) one of the following:

- (1) a class of equity securities listed on the SGX; or
- (2) a class of equity securities listed or dealt in on a stock market approved by the SGX.

Among others, Rule 28.01 requires all convertible debt securities to be approved by the HKEx prior to issue and the HKEx should be consulted at the earliest opportunity as to the requirements which will apply. In addition, any alterations in the terms of convertible debt securities after issue shall also be subject to the approval of the HKEx in accordance with Rule 28.05.

Rule 28.02 requires all convertible debt securities which are convertible into new equity securities or outstanding securities of an issuer or a group for which a listing is to be sought to comply with both the requirements applicable to the debt securities for which listing is sought and with the requirements applicable to the underlying equity securities to which such convertible debt securities relate. In the event of any conflict or inconsistency between the various requirements, those applicable to such equity securities shall prevail.

Corresponding provisions under Singapore laws and regulations

The issuer is also required to submit an additional listing application in respect of the underlying equity securities to be listed on the SGX pursuant to Rule 875 of the SGX Listing Manual. Rule 824 of the SGX Listing Manual further states that every issue of convertible securities (which include convertible debt securities) and covered under a general mandate must be specifically approved by shareholders in general meeting.

There is no requirement under the SGX Listing Manual that alterations of the terms of convertible securities (which includes convertible debt securities) after their issue require the approval of the SGX, although Rule 829 of the SGX Listing Manual requires that the terms of the issue must provide for certain matters. For details of requirements on the terms of the issue under Rule 829 of the SGX Listing Manual, please refer to the section headed “Conditions to the Issue of Options, Warrants and Similar Rights”).

An issuer must also announce any adjustment made pursuant to Rule 829(1) under Rule 830 of the SGX Listing Manual.

WAIVERS

Although there are no rules under the SGX Listing Manual specifically comparable to Chapter 28 of the HKEx Listing Rules, the Company is of the view that investors are sufficiently protected as the Company is already subject to various broadly similar rules and regulations in Singapore and full compliance with Chapter 28 would be unduly onerous on the Company.

Waiver granted and conditions

The Company has applied for, and the HKEx has granted a waiver from compliance with Chapter 28 of the HKEx Listing Rules in its entirety on the condition that if any convertible debt securities are issued by the Company and are listed on the HKEx, the Company will comply with Chapter 28 of the HKEx Listing Rules.

Practice Note 5 of the HKEx Listing Rules

Requirements under the HKEx Listing Rules

Paragraphs 41(4) and 45 of Appendix 1A, paragraphs 34 and 38 of Appendix 1B, paragraph 49 of Appendix 1C, paragraphs 30 and 34 of Appendix 1F and paragraphs 12 and 13 of Appendix 16 of the HKEx Listing Rules require issuers to disclose, in certain listing documents and annual and interim reports, details of substantial shareholders' and certain other persons' interests and short positions in the shares and underlying shares of the issuer and directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the issuer and any associated corporation, as recorded in the registers required to be kept under Sections 336 and 352 of the SFO. Practice Note 5 of the HKEx Listing Rules sets out what and how details of such interests should be set out in the relevant disclosure.

Waiver granted and conditions

The Company has been granted a waiver from Rule 13.48 of the HKEx Listing Rules and an exemption from compliance with all of the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12). In addition, the Company has applied for, and the HKEx has granted, a waiver from strict compliance with the requirements of paragraphs 41(4) and 45 of Appendix 1A, paragraphs 34 and 38 of Appendix 1B, paragraph 49 of Appendix 1C, paragraphs 30 and 34 of Appendix 1F, paragraphs 12 and 13 of Appendix 16 and Practice Note 5 of the HKEx Listing Rules on the basis that it has included in this listing document, and will include in its relevant shareholder communications after Listing, such interests as are notified to it under the SGX Listing Manual and the relevant Singapore law and regulations in lieu of information required under Part XV of the SFO.

Practice Note 15 of the HKEx Listing Rules and Related Matters

Requirements under the HKEx Listing Rules

Practice Note 15 of the HKEx Listing Rules sets out the principles which the HKEx applies when considering proposals submitted by a listed issuer to effect a separate listing of any of its subsidiaries.

Corresponding provisions under Singapore laws and regulations

In Singapore, there are no specific rules which exclusively govern the spin-off of assets of an issuer for separate listing. Nevertheless, spin-off proposals will be tested against the Rule 1006 Bases in Chapter 10 of the SGX Listing Manual. Under Rule 1014 of the SGX Listing Manual, where any of the relative figures as computed on any of the Rule 1006 Bases exceeds 20%, the transaction will be classified as a major transaction which must be made conditional upon shareholders' approval in a general meeting.

WAIVERS

Additionally, under Rule 805(2) of the SGX Listing Manual, a company listed on the SGX-ST is required to obtain the prior approval of shareholders in general meeting if, *inter alia*, a principal subsidiary issues shares or convertible securities or options that will or may result in (i) such principal subsidiary ceasing to be a subsidiary or (ii) a percentage reduction of 20% or more of the issuer's equity interest in such principal subsidiary. Section 160 of the Singapore Companies Act also requires shareholder approval in a general meeting for disposals of the whole or substantially the whole of the company's undertaking or property.

Hence, where spin-offs of assets and business amount to major transactions under Rule 1014 of the SGX Listing Manual or results in a reduction of the Company's equity interest in the principal subsidiary in the manner set out in Rule 805(2) of the SGX Listing Manual, the Company must, after terms have been agreed, immediately announce the information required in under the relevant rules in the SGX Listing Manual, where applicable. Such major transactions must be made conditional upon approval by shareholders in general meeting, in connection with which a circular containing the required information under the SGX Listing Manual must be sent to all shareholders.

Waiver granted

The Company has applied for, and the HKEx has granted, a waiver from strict compliance with the provisions of Practice Note 15 with respect to any spin-off listings of any subsidiaries on any stock exchange that it may decide to undertake from time to time (including, among others, a waiver from the restrictions on undertaking a spin-off listing within three years following the Company's listing on the HKEx), on the basis that the Company will:

- (a) observe the principle set out in paragraph 3(c) of Practice Note 15 that, after the spin-off listing, the Company would retain a sufficient level of operations and sufficient assets to support the Company's separate listing status;
- (b) observe the principles set out in paragraphs 3(d)(i) to (iv) of Practice Note 15 relating to clear delineation of business between the Company and the spun-off entity, ability of the spun-off entity to function independently of the Company, clear commercial benefits to both the Company and the spun-off entity in the spin-off, and no adverse impact on the interests of Shareholders resulting from the spin-off; and
- (c) in the announcement to be issued by the Company pursuant to Rule 13.09(1) of the HKEx Listing Rules disclosing the spin-off proposal, (i) confirm that the Company would retain a sufficient level of operations and sufficient assets to support the separate listing status; and (ii) explain how the Company is able to meet the principles set out in paragraphs 3(d)(i) to (iv) of Practice Note 15.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

All of the issued Shares of the Company comprise fully paid ordinary shares. Pursuant to the Companies (Amendment) Act of 2005, companies incorporated in Singapore no longer have an authorised share capital and there is no concept of par value in respect of issued shares.

As at the Latest Practicable Date, the number of the Company's issued Shares is 3,885,081,827. There are currently no treasury Shares held by the Company.

There has been no share split, share consolidation or bonus issue during the previous three fiscal years and up to the Latest Practicable Date. For details on the changes in our share capital, please see "Appendix X – Statutory and General Information – Further Information about our Group – Changes in the share capital of our Company."

TREASURY SHARES

Under the Singapore Companies Act, Shares purchased or acquired by our Company may be held or dealt with as treasury Shares. Please refer to "Appendix IX – Description of Relevant Laws and Regulations" for a summary of some of the provisions on treasury Shares under the Singapore Companies Act.

ISSUING MANDATE

At the annual general meeting of the Company held on April 21, 2011, our Directors have been granted a general mandate to allot and issue such number of Shares and convertible securities amounting to not more than 50% of the total number of issued Shares, excluding treasury Shares, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to Shareholders does not exceed 20% of the total number of issued Shares (excluding treasury shares).

The above mandate shall, unless revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company required by law to be held, whichever is the earlier.

For further details of this issuing mandate, please see "Appendix X – Statutory and General Information – Resolutions of Our Shareholders".

DEALING IN SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the HKEx Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any connected person of the issuer from the date which is four clear days before the listing hearing date until listing is granted. In the context of a secondary listing of a widely held, publicly traded company, our Company has no control over the investment decisions of its shareholders. Our Company has applied for, and the HKEx has granted, a waiver from strict compliance with Rule 9.09(b) of the HKEx Listing Rules which restricts such dealings in the Shares prior to Listing. Please refer to the section headed "Waivers – Dealings in Shares Prior to Listing" in this listing document for details of the waiver.

SHARE-BASED INCENTIVE PLANS

As further detailed in "Appendix IV – Our Share-Based Incentive Plans," we have implemented the Performance Share Plan and the Restricted Stock Plan. The objectives of the Share Plans are to recognize the contribution of the Plan Participants so as to achieve greater growth and are designed to reward the participants of the Share Plans with awards comprising fully paid Shares, or the equivalent in cash or a combination of both.

SHARE CAPITAL

Under the Performance Share Plan, the final number of Shares to be released will depend on the achievement of pre-determined targets over a specified performance period. There is no vesting period for Shares released under the Performance Share Plan. Under the Restricted Stock Plan, the final number of Shares to be released will depend on the achievement of pre-determined targets at the end of a specified performance period. Once the final number of Shares has been determined, it will be released over a specified vesting period.

The aggregate number of new Shares to be issued under the Share Plans is subject to a maximum limit of 15.0% of our total number of issued shares (excluding treasury shares) when taken into account together the number of new Shares issued or issuable in respect of all other share plans concurrently implemented by our Company.

As at the Latest Practicable Date, the number of outstanding Awards is as follows:

- (a) the number of Shares comprised in contingent Awards granted under the Performance Share Plan which have not been released¹ was 2,158,400; and
- (b) the number of Shares comprised in Awards granted under the Restricted Stock Plan in respect of which (i) the final number of Shares has not been determined² and (ii) the final number of Shares has been determined but not released, was 5,325,335 and 2,739,697 respectively, of which 1,599,235 Shares out of the former and 813,619 Shares out of the latter are to be cash-settled.

For further details please refer to “Appendix IV – Our Share-Based Incentive Plans” of this listing document for a summary of the rules of the Share Plans.

¹ The final number of Shares released under the Performance Share Plan will depend on the achievement of pre-determined targets over a three-year performance period.

² The final number of Shares released under the Restricted Stock Plan will depend on the achievement of pre-determined targets at the end of a one-year performance period.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

As at the Latest Practicable Date, approximately 65.48% of the Company's issued Shares were owned by CapitaLand Group.

CapitaLand is one of Asia's largest real estate companies. It is headquartered in Singapore and has a market capitalization of approximately S\$10.8 billion as at the Latest Practicable Date. CapitaLand has been publicly listed on the main board of the SGX-ST since November 2000. CapitaLand Group's core business is in real estate, hospitality, and real estate financial services. It has properties and operations throughout the Asia-Pacific and Europe.

The Company has entered into certain interested person transactions (as defined under the SGX Listing Manual) with our controlling shareholder, including those described below. Our Directors consider it to be commercially beneficial to continue these interested person transactions immediately after the Listing.

POTENTIAL CONFLICTS OF INTERESTS

We summarize below the potential conflicts of interests which may arise from the interests of our controlling shareholder, our Directors and their respective associates in any entity carrying on the same business as us.

CapitaLand

CapitaLand is a company incorporated under the laws of Singapore. It has been listed on the main board of the SGX-ST since November 2000. CapitaLand is one of Asia's largest real estate companies. It is a multi-local company with core businesses in real estate, hospitality and real estate financial services focused in growth cities in Asia Pacific and Europe. We were formed by CapitaLand to house its integrated shopping mall business as well as properties that were retail-focused. CapitaLand focuses on other areas of the real estate business, such as residential real estate, offices, serviced apartments and integrated developments, some of which may have a retail component comprising a minor part of the development. As a result, there may be circumstances where our investments may compete directly, to a limited extent, with properties that CapitaLand operates, either by itself or with another joint venture partner. We have entered into the Collaboration Agreement with CapitaLand to mitigate any potential conflicts of interest, as further described below in this section. As at the Latest Practicable Date, there are no properties or developments owned by CapitaLand in which the retail component represents 65% or more of the GFA, rental income or value of the property.

Additionally, a number of our Directors are also directors or key executives of CapitaLand and/or its subsidiaries. We currently conduct and will in the future conduct various interested person transactions with CapitaLand involving the development of joint projects and the provision and receipt of services in accordance with the SGX Listing Manual. Our Chairman and Non-Executive Director, Mr Liew Mun Leong is the President and Chief Executive Officer of CapitaLand Group. Our Non-Executive Directors Ms Chua Kheng Yeng Jennie and Mr Lim Tse Ghow Olivier are the Chief Corporate Officer and the Head of Strategic Corporate Development of CapitaLand, respectively. Each of Mr Liew, Ms Chua and Mr Lim also hold directorships in certain CapitaLand subsidiaries. In addition, Mrs Arfat Pannir Selvam, our Independent Non-Executive Director, is also an independent non-executive director of CapitaLand.

Mr Liew Mun Leong, Ms Chua Kheng Yeng Jennie, Mr Lim Tse Ghow Olivier and Mrs Arfat Pannir Selvam will not participate in any discussions of our Board of Directors in relation to any interested person transactions with the CapitaLand Group or any matters that might give rise to a conflict of interest with the CapitaLand Group and shall abstain from voting on any such proposals at any meeting of our Board of Directors.

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All future interested person transactions (including transactions between us and CapitaLand) will be reviewed and approved in accordance with the SGX Listing Manual, to ensure that they are carried out on customary commercial terms and are not prejudicial to our interests or the interests of our minority shareholders. In the event that such interested party transactions require the approval of our Board or our Audit Committee, relevant information will be submitted to the Board or the Audit Committee for review. In the event that such interested person transactions require the approval of shareholders, additional information may be required to be presented to shareholders and an independent financial advisor may be appointed for an opinion.

The Audit Committee of the Company will review all interested person transactions to ensure that the prevailing rules of the SGX Listing Manual are complied with. The annual audit plan of the Company will also incorporate a review of all interested person transactions entered into and the Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee will from time to time also review those guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on arm's length commercial terms.

This approval process applies to any joint projects which we may undertake with CapitaLand pursuant to the Collaboration Agreement.

Collaboration Agreement

To mitigate any potential conflict of interests, we entered into a collaboration agreement with CapitaLand on October 30, 2009 (the "Collaboration Agreement") to establish a framework for future collaboration in certain real estate investment opportunities.

Pursuant to the Collaboration Agreement, CapitaLand has undertaken to us, among others, that it will not (and will procure its subsidiaries and, to the extent that it has knowledge, use its best endeavours to procure its Associated Companies not to), without our prior consent, engage in, carry on or otherwise be interested in any CapitaMalls Asia Business, save for its interest in CapitaMall Minzhongleyuan, Wuhan, in respect of which we have been granted a right of first refusal (the "Wuhan ROFR"). We have also given our associate CRCT rights of first refusal in respect of opportunities to invest in certain completed retail property in China (see "Business – Rights of First Refusal over Properties – China"), which included CapitaMall Minzhongleyuan, Wuhan ("CRCT ROFR"). Pursuant to the Wuhan ROFR and the CRCT ROFR, CRCT on 5 May 2011 entered into an agreement with a subsidiary of CapitaLand to acquire CapitaMall Minzhongleyuan, Wuhan, and the acquisition of the mall by CRCT was completed on June 30, 2011.

CapitaLand has also undertaken that, where the CapitaLand Group has an opportunity relating to a Retail Focus Property, Retail Focus Fund or Retail Focus Entity, it will (and will procure its subsidiaries and, to the extent it has knowledge, use its best endeavours to procure its Associated Companies to) inform us of or direct such opportunity to us. If we do not pursue the opportunity, CapitaLand will not be able to pursue the opportunity without our prior consent.

Additionally, in the event that CapitaLand, any of its subsidiaries and/or Associated Companies proposes to establish, sponsor and/or invest in any Non-Retail Focus Fund or establish or invest in a Non-Retail Focus Entity (for which the GFA of the retail component is at least 20.0% of the GFA of all the assets held by such Non-Retail Focus Entity) or acquire or invest in a Non-Retail Focus Property (provided that the GFA of the retail component of a property which is mixed-use or integrated which is less than 200,000 sq.ft. shall be excluded), CapitaLand will (and will procure its subsidiaries and, to the extent it has knowledge, use its best endeavours to procure its Associated Companies to) grant us the right of first

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refusal to participate in a pro rata interest in CapitaLand's effective equity participation in such Non-Retail Focus Fund, Non-Retail Focus Entity or Non-Retail Focus Property. Under the Collaboration Agreement, a pro rata interest is based on the proportion of the estimated GFA of the retail component relative to the estimated total GFA of the aggregate portfolio, assets or area of the relevant fund, entity or property.

In the event that (a) CapitaLand, any of its subsidiaries and/or Associated Companies owns or holds a Non-Retail Focus Property that has received regulatory approval for re-zoning and/or for a change of use in relation to a proposed redevelopment or asset enhancement and will become a Retail Focus Property or (b) a Non-Retail Focus Entity acquired by CapitaLand, any of its subsidiaries and/or Associated Companies holds any Retail Focus Property (in each case, a "Potential Retail Focus Property"), CapitaLand will (and will procure its subsidiaries and, to the extent that it has knowledge, use its best endeavours to procure its Associated Companies to) grant us a right of first refusal to acquire the stake, and the right of management, in such Potential Retail Focus Property.

CapitaLand may, directly or indirectly, enter into transactions that involve the provision of credit support or credit enhancement to unrelated parties, and if an opportunity to enter into such a transaction has been made available to any member of the CapitaLand Group in relation to any Retail Focus Property, CapitaLand will discuss with us whether we may be interested in pursuing such an opportunity together with CapitaLand.

Additionally, if an opportunity should arise for investment in a "white site" (which are areas used or intended to be used for commercial, hotel, residential, sports and recreational and other compatible uses, or a combination of two or more of such uses as a mixed-use development), we and CapitaLand will consider the requirements that regulate the proportion of the site that may be utilised for retail purposes, and if there are no published requirements, CapitaLand will in good faith enter into discussions with us to explore how we may cooperate on terms which are mutually acceptable.

The above obligations on CapitaLand do not apply to the business and assets of Australand (which is not retail-focused and is based in Australia with a primary focus on the development of commercial and industrial properties) and the associated companies, listed REITs and private funds (as well as their managers) which were established or acquired by the CapitaLand Group before the date of the Collaboration Agreement. We believe that there is no material overlap between these businesses and our retail property business.

Under the Collaboration Agreement, we have covenanted with CapitaLand that we will not (and will procure our subsidiaries and, to the extent that we have knowledge, use our best endeavours to procure our Associated Companies not to), without the prior consent of CapitaLand, engage in, carry on or otherwise be interested in any CapitaLand Business, except in relation to any co-participation in a Non-Retail Focus Property or Non-Retail Focus Fund made jointly with the CapitaLand Group pursuant to the terms of the Collaboration Agreement.

Where our Group has an opportunity relating to a Non-Retail Focus Property, Non-Retail Focus Fund or Non-Retail Focus Entity, we will (and we will procure our subsidiaries and, to the extent we have knowledge, use our best endeavours to procure our Associated Companies to) inform CapitaLand of or direct such opportunity to CapitaLand.

If we proceed with an investment in a Retail Focus Entity or a Retail Focus Property which includes a non-retail component, we will in good faith enter into discussions with CapitaLand to explore working together in relation to such non-retail component.

Our obligations above do not extend to the activities, assets, business and operations of the associated companies, listed REITs and private funds (as well as their managers) which were established or acquired by our Group before the date of the Collaboration Agreement.

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The Collaboration Agreement will, *inter alia*, terminate when CapitaLand holds an aggregate of less than 15.00% interest in the issued and paid-up share capital of our Company or ceases to be our single largest shareholder based on the aggregate of its interests in the issued and paid-up share capital of our Company.

In relation to the foregoing:

“Associated Company” means, in relation to either CapitaLand or our Company, its unlisted associated company, other than those which are existing as of the date of the Collaboration Agreement. “Associated Company” shall not include or refer to any Retail Focus Fund or Non-Retail Focus Fund;

“CapitaLand Business” means all businesses (other than CapitaMalls Asia Business);

“CapitaLand Group” means CapitaLand and its subsidiaries and Associated Companies excluding our Group and Associated Companies;

“CapitaMalls Asia Business” means the business of the acquisition, ownership, development or redevelopment, management, operation, disposal and/or leasing, of Retail Focus Properties, the establishment, sponsorship, investment and/or management of Retail Focus Funds and the establishment, investment and/or management of Retail Focus Entities, in each case, whether directly or indirectly, and including, for the avoidance of doubt, the execution of agreements relating thereto;

“Retail Focus Entity” means any entity (including its subsidiaries and associated companies whether listed or unlisted, if any), which carries on the business of acquisition, ownership, development or redevelopment, management, operation, disposal and/or leasing of Retail Focus Properties, as well as other assets, properties or developments, and where:

- (a) at least 65.0% of the GFA of all the completed or proposed to be completed assets, properties or developments held or proposed to be held by the entity is or is proposed to be sold or leased for retail use; or
- (b) at least 65.0% of the rental income of all the completed or proposed to be completed assets, properties or developments held or proposed to be held by the entity is or is proposed to be derived from retail tenants; or
- (c) at least 65.0% of the value of all the completed or proposed to be completed assets, properties or developments held or proposed to be held by the entity (being the total amount invested or to be invested in such asset, property or development) is allocable to the retail component.

The above figures are calculated based on the effective interest held by the entity in each asset, property or development. In the event that such interest is held indirectly through other entities, the effective interest in the asset, property or development, as the case may be, shall be determined by multiplying the ownership interest of each such entity at each level.

“Retail Focus Fund” means a fund or trust with an investment mandate or investment objective that relates solely to the acquisition of, investment in, development or operation of, Retail Focus Properties;

“Retail Focus Property” refers to:

- (a) a stand-alone retail asset, property or development of any size which shall include the retail component in a development where such retail component is or is proposed to be comprised in one or more lots in a strata title plan or proposed strata title plan (or its equivalent in the relevant jurisdiction); and/or
- (b) a mixed-use or integrated asset, property or development where:
 - (i) at least 65.0% of the GFA of such completed or proposed to be completed asset, property or development is or is proposed to be sold or leased for retail use; or

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- (ii) at least 65.0% of its rental income is or is proposed to be derived from retail tenants; or
 - (iii) at least 65.0% of the value of the asset, property or development (being the total amount invested or to be invested in such asset, property or development) is allocable to the retail component; and
- (c) if applicable, the securities or equity, beneficial or other ownership interests in a single purpose company or entity which holds (directly or indirectly) such property referred to in paragraphs (a) and/or (b) above. For the purpose of this definition, “single purpose” means a purpose that is focused or proposed to be focused on the acquisition and/or ownership of Retail Focus Property or Retail Focus Properties;

“Non-Retail Focus Entity” means any entity (including its subsidiaries and associated companies whether listed or unlisted, if any), which carries on the business of acquisition, ownership, development or redevelopment, management, operation, disposal and/or leasing of Non-Retail Focus Properties, as well as other assets, properties or developments without a retail component, other than a Retail Focus Entity;

“Non-Retail Focus Fund” means a fund or trust with an investment mandate or investment objective that relates solely to the acquisition of, investment in, development or operation of, Non-Retail Focus Properties; and

“Non-Retail Focus Property” means any asset, and/or a property or development including any mixed-use or integrated development which includes a retail component, other than a Retail Focus Property; and the interest in a single purpose company or entity which holds such property. For the purpose of this definition “single purpose” means a purpose that is focused or proposed to be focused on the acquisition and/or ownership of Non-Retail Focus Property or Non-Retail Focus Properties.

We agreed upon the 65.0% threshold as described above based on a number of factors including the following:

- (a) the 65.0% threshold is in line with our business model of having a significant retail component comprised within the properties in our Group’s portfolio. As of the Latest Practicable Date, assets, properties and developments which satisfy the 65.0% threshold account for more than 80% of the total number of properties in our portfolio;
- (b) the 65.0% threshold has also been used in the rights of first refusal granted by us to CRCT and then to the China Incubator Fund in relation to retail properties in which at least 65.0% of the GFA of the relevant project is let out for retail use or at least 65.0% of its rental income is derived from retail tenants; and
- (c) in the event that a property does not satisfy the 65.0% threshold, we will continue to be entitled to participate in a pro rata interest in CapitaLand’s equity participation in such property. The pro rata interest will be the proportion of the GFA of the retail component of such property relative to the total GFA of such property or based on any measure which is mutually agreed, provided that the GFA of the retail component of such property is not less than 200,000 sq. ft.

As of the Latest Practicable Date, the Bedok Site, Jurong Gateway Site and Raffles City Changning are jointly developed by our Company and CapitaLand pursuant to the Collaboration Agreement. As at June 30, 2011, our interests in these joint developments is not more than 6.0% of the total property value of our property interests. The Bedok Site is a mixed residential-retail development, and the Raffles City Changning is an integrated mixed development that will comprise, *inter alia*, retail, office and residential units. Each of Bedok Site and Raffles City Changning developments is deemed to be a Non-Retail Focus Property under the Collaboration Agreement. Our interests in the joint development in the Bedok Site are held through our 50.0% indirect interests in Brilliance Residential (1) Pte. Ltd. and Brilliance Mall Trust, with the remaining interests held indirectly by CapitaLand, whereas our effective stake of 17.1% in the joint development of Raffles City Changning is held through a 18.0% indirect interest in Senning Property Ltd., which in turns holds a 95.0% interest in Raffles City Changning.

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Mitigation of Potential Conflicts of Interests

In addition to the Collaboration Agreement described above, we also believe that any potential conflicts of interests with CapitaLand (including those arising from the interested person transactions) are mitigated as follows:

- (a) decisions on the exercise or non-exercise of any rights of first refusal granted pursuant to the Collaboration Agreement or decisions on whether to pursue any opportunity with CapitaLand arising from the Collaboration Agreement will be, at first instance and subject to (c) below, determined by our management, who are not related to or hold any other positions in the CapitaLand Group. Where the business opportunity involves cooperating with CapitaLand or otherwise constitutes an interested person transaction, the transaction will have to be approved by the Audit Committee. Furthermore, depending on the investment amount, such decisions may be subject to the approvals of the Investment Committee and/or the Board, where directors and/or officers of CapitaLand (comprising Mr Liew Mun Leong, Ms Chua Kheng Yeng Jennie, Mr Lim Tse Ghow Olivier and Mrs Arfat Pannir Selvam) will declare their conflict of interests and abstain from voting accordingly;
- (b) our Directors have a duty to disclose their interests in respect of any contract or proposed contract or any other proposal whatsoever in which they have any personal material interest (directly or indirectly), or any duties or interests arising from any office or property held by them which might conflict with their duties of interests as a Director. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract or proposed contract or any other proposal whatsoever in which the conflict of interests arises;
- (c) the Audit Committee will be involved in the process of considering investment opportunities arising from the Collaboration Agreement which:
 - (i) the Company intends to collaborate with the CapitaLand Group; and
 - (ii) the Company intends to decline participation and the CapitaLand Group proposes to proceed with pursuing the relevant opportunity alone,

provided that no review by the Audit Committee shall be undertaken in respect of investment opportunities which neither the Company or the CapitaLand Group intends to proceed with and investment opportunities which the CapitaLand Group does not intend to proceed with and the Company intends to proceed alone since there is no potential conflict of interests or competition with regards to these opportunities. In the event of any conflicts in the views of the Audit Committee and our management, the views of the Audit Committee will prevail;

- (d) the Audit Committee will review all interested person transactions (including proposed transactions arising from the Collaboration Agreement) for potential conflicts of interests. If a member of the Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process of the Audit Committee in relation to that transaction;
- (e) we have established an annual internal audit plan which establishes the guidelines and procedures to monitor interested person transactions;
- (f) we are subject to the SGX-ST listing rules on interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek shareholders' approval for certain material interested person transactions. The Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, and not prejudicial to our interests and the interests of our minority shareholders;
- (g) the Nominating Committee will review and recommend nomination for re-appointment or re-election or renewal of appointment of our Directors;

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- (h) our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors are also subject to a duty of confidentiality that precludes a Director from disclosing to any third party (including any of our shareholders or their associates) information that is confidential to us; and
- (i) CapitaLand's audit committee (which includes Mrs Arfat Pannir Selvam who is also an Independent Non-Executive Director of our Company and Mr James Koh Cher Siang who is the non-executive chairman of CMTML, a subsidiary of our Group and the REIT manager of CMT) has the following additional responsibilities:
 - (i) review on a periodic basis the framework and processes established above for the implementation of the terms of the Collaboration Agreement in order to ensure that such framework and processes remain appropriate;
 - (ii) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest within the CapitaLand Group and propose, where appropriate, the relevant measures for the management of such conflicts; and
 - (iii) review and resolve all conflicts of interest matters referred to it.

INDEPENDENCE FROM CAPITALAND GROUP

Management Independence

Our Board of Directors is comprised of one Executive Director and nine Non-Executive Directors, including six Independent Non-Executive Directors. Each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he or she must act for the benefit and in the best interests of us and does not allow any conflict between his/her duties as a Director and his/her personal interest. If there is any potential conflict of interest arising out of any transactions to be entered into between our Group and our Directors or their respective associates, such interested Director shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Four of our Directors, namely Mr Liew Mun Leong, Ms Chua Kheng Yeng Jennie, Mr Lim Tse Ghow Olivier and Mrs Arfat Pannir Selvam, hold concurrent positions in CapitaLand, as set out below:

Name	Position in our Company	Position in CapitaLand
Mr Liew Mun Leong	Chairman and Non-Executive Director	President and Chief Executive Officer
Ms Chua Kheng Yeng Jennie . . .	Non-Executive Director	Chief Corporate Officer
Mr Lim Tse Ghow Olivier	Non-Executive Director	Head of Strategic Corporate Development
Mrs Arfat Pannir Selvam	Independent Non-Executive Director	Independent Non-Executive Director

None of the above directors hold any executive functions in our Company.

Mr Liew, Ms Chua and Mr Lim are officers of CapitaLand, which is a controlling shareholder of the Company holding approximately 65.48% of the issued share capital in our Company as of the Latest Practicable Date. Although they are not involved in the operations of our Group in executive capacities, their experience and knowledge in the real estate market are useful to the Board and beneficial to our Company. Other than being an independent non-executive director of CapitaLand, Mrs Arfat Pannir Selvam has no other relationships with CapitaLand and her appointment as our Independent Non-Executive Director was made after due consideration that her expertise and knowledge are relevant and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

useful to the Board and beneficial to our Company and not made as a nominee representing the interests of CapitaLand. Mr Liew, Ms Chua, Mr Lim and Mrs Selvam have non-executive roles on our Board. Mr Liew's role in our Company will be to provide leadership for the Board and he will be closely involved in formulating our Company's corporate and business strategies. The role of each of Ms Chua, Mr Lim and Mrs Selvam involves participation in setting and developing strategies for management and reviewing and assessing management's performance, enabling management to benefit from their external and objective perspective of management issues regarding the Company. Ms Chua, Mr Lim and Mrs Selvam will not be involved in the day-to-day management of our Company.

None of our Senior Management Executives are related to or hold any concurrent positions in the CapitaLand Group.

Please see "Appendix X – Statutory and General Information – Disclosure of Interests" for details of interests of our Directors and substantial shareholders in our Shares, which are disclosed based on the applicable Singapore regulations.

Operational Independence

We have full rights to make business decisions independently and hold all relevant licenses and permits necessary to carry out our businesses, and have sufficient capital, equipment, employees and office accommodations to operate our businesses independently. In the course of our business, we have entered into a licence agreement, a shared services agreement and an IT infrastructure agreement with CapitaLand, and an administrative support services agreement with a subsidiary of CapitaLand.

Since the execution of the Collaboration Agreement, CapitaLand has established a framework of processes to monitor compliance of its obligations under the Collaboration Agreement. As a company listed on the main board of the SGX-ST, CapitaLand has an audit committee comprising independent directors, who periodically review the framework and processes established for compliance with the Collaboration Agreement. Likewise, our Company has our own internal processes established to ensure the same as described above.

Pursuant to a licence agreement dated October 30, 2009 between CapitaLand and us, CapitaLand has granted us a licence to use for our business, several marks including, but not limited to, "CapitaMall," "CapitaMalls", "CapitaMalls Asia", "CapitaRetail", "CapitaCard", "CapitaVoucher", "凱德商用" and "嘉德置地" for a nominal consideration, subject to the payment of an annual licence fee if the Collaboration Agreement is terminated.

Pursuant to a shared services agreement dated October 30, 2009 between CapitaLand and us, CapitaLand provides to our Group advisory and other services including treasury functions, administration, information technology, human resource, tax and corporate communication services and marketing.

Pursuant to an IT infrastructure agreement dated December 28, 2010 between CapitaLand and us, CapitaLand granted us the use of its IT Infrastructure, including network infrastructure, hardware and software application, maintenance service and IT securities for our requirements to use IT to transmit, store, process and access business information to support our business and customers.

Pursuant to an administrative support services agreement dated August 8, 2011 and effective from June 16, 2011 ("Admin Services Agreement") between CapitaLand Commercial Limited ("CCL"), a wholly-owned subsidiary of CapitaLand, and us, CCL provides us with certain administrative support services. Our office and CCL's office are located within the same building and the administrative support services CCL provides us include, among others, the use of their reception area and meeting rooms, security services, document archive services, coordination of stationery and printing services, general office facility maintenance and coordination and assisting in the processing of various office administration charges or invoices.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Our core business and revenue growth strategies do not depend on the services provided pursuant to the above agreements. Except for the Licence Agreement, we believe that we are able to procure comparable administrative services from third parties at reasonable costs. The amounts payable by our Company under these arrangements are also insignificant and immaterial to the assets of our Group and comprised only 12.4%, 12.4%, 10.8% and 9.7% of our total expenses for the fiscal years 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Furthermore, CapitaLand does not have the authority to act for, represent, bind or obligate our Company without our prior approval under the above agreements nor are there any restrictions on our ability to terminate the agreements and procure similar services from third party vendors if necessary.

Having considered the above factors, our Directors believe that we are capable of operating and conducting our businesses independently from CapitaLand.

Financial Independence

CapitaLand does not currently directly or indirectly finance the operations of our Group.

Our Directors confirm that, we are financially independent from CapitaLand. We have a finance department and have established our own Group treasury functions and financial auditing system independent from CapitaLand. We have independent bank accounts, made independent tax registration and have employed financial personnel responsible for conducting financial audit work on our Group's accounts. Our Directors also confirm that our Group carries out all of its essential administrative operations, such as cash and accounting management, invoicing and billing, and other financial and management control systems independently from CapitaLand. Our Directors are of the view that we are able to maintain financial independence from CapitaLand. Save for recurring trade amounts incurred in the ordinary course of business, we have no outstanding amounts due to CapitaLand at the time of Listing.

FUTURE PLANS AND REASONS FOR THE LISTING

FUTURE PLANS AND PROSPECTS

Please refer to the paragraph headed “Our Business Strategies” in the section headed “Business” in this listing document.

REASONS FOR THE LISTING

Our Directors consider that it is desirable and beneficial for our Company to have a secondary listing in Hong Kong in addition to our current primary listing status in Singapore so that we can have ready access to these different capital markets in the Asia Pacific region when the opportunity arises. We believe the two markets attract investors with different profiles, thereby potentially widening the investor base of our Company, increasing research coverage and increasing the liquidity of the Shares. In particular, it enables us to benefit from our exposure to a wider range of private and institutional investors. Our Directors believe that a listing in Hong Kong is in line with our focus on our operations in China and will help us raise our profile in the China real estate market, which is important for our growth and long-term development.

INFORMATION ON THE LISTING

The Listing does not involve any offering of new Shares or a public offering of any other securities and no new proceeds will be raised pursuant to the Listing. The key purpose of the Listing is to add liquidity to our Shares and provide our Company with greater access to international capital through its listing platform in Hong Kong, thereby increasing the financing capacity of our Company.

In connection with the Listing, we entered into the Sponsors’ Agreement with the Joint Sponsors. The Sponsors’ Agreement is subject to the fulfilment of certain conditions, including the grant by the HKEx of the listing of and permission to deal in our Shares.

LISTINGS, REGISTRATION, DEALINGS AND SETTLEMENT

LISTINGS

Our Company currently has a primary listing of Shares on the SGX-ST, which it intends to maintain alongside its proposed secondary listing of Shares on the main board of the HKEx. Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares on the HKEx by way of introduction.

REGISTRATION

The principal register of members is maintained in Singapore by Boardroom Corporate & Advisory Services Pte. Ltd. (the “Singapore principal registrar”). Our Company has established a Hong Kong Share Register which is maintained by Computershare Hong Kong Investor Services Limited (the “Hong Kong Share Registrar”) whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. The Hong Kong Share Register is not required to contain particulars of our Shares registered on the Singapore principal register.

The transfer agent for members of our Company in Singapore is Boardroom Corporate & Advisory Services Pte. Ltd. (the “Singapore share transfer agent”) whose address is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Certificates in respect of our Shares registered on the Hong Kong Share Register will, as far as practicable, and unless otherwise requested, be issued in board lots of 1,000 Shares. The Singapore principal registrar will keep in Singapore duplicates of the Hong Kong Share Register, which will be updated from time to time.

CERTIFICATES

Only certificates for Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the HKEx. Certificates for Shares issued by the Singapore principal registrar are valid in respect of dealings effected on the SGX-ST. For ease of identification, the certificates for Shares issued by the Singapore principal registrar are pink in colour. The certificates for Shares issued by the Hong Kong Share Registrar will be green in colour.

DEALINGS

Dealings in Shares on the HKEx and the SGX-ST will be conducted in Hong Kong dollars and Singapore dollars respectively. Our Shares are traded on the SGX-ST and will be traded on the HKEx in board lots of 1,000 Shares.

The transaction costs of dealings in our Shares on the HKEx include an HKEx trading fee of 0.005%, an SFC transaction levy of 0.003%, a transfer instrument stamp duty of HK\$5 per transfer instrument and *ad valorem* stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the value of our Shares transferred. The brokerage commission in respect of trades of Shares on the HKEx is freely negotiable.

A clearing fee in Singapore is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee is subject to goods and services tax in Singapore (currently at 7%). The brokerage commission in respect of trades of Shares on the SGX-ST is freely negotiable.

SETTLEMENT

Settlement of Dealings in Singapore

Shares listed and traded on the SGX-ST are trading under the book-entry settlement system of the CDP and all dealings on and transactions of Shares through the SGX-ST are effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

LISTINGS, REGISTRATION, DEALINGS AND SETTLEMENT

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. The CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the CDP.

Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. The Singapore Companies Act and the Articles of Association of our Company only recognise the registered owners or holders of our Shares as members. CDP depositors and depository agents on whose behalf the CDP holds Shares, may not be accorded the full rights of membership, such as voting rights, the right to appoint proxies, or the right to receive shareholders' circulars, proxy forms, annual reports, prospectuses and take over documents. CDP depositors and depository agents will be accorded only such rights as the CDP may make available to them pursuant to the CDP's terms and conditions to act as depository for foreign securities.

Persons holding Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with the Articles of Association of our Company. A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2 (or such other amounts as our Directors may decide) will be payable to the Singapore share transfer agent for each share certificate issued, and stamp duty of S\$0.20 per S\$100 or part thereof of the last-transacted price where Shares are withdrawn in the name of a third-party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of the CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10 is payable upon the deposit of each instrument of transfer with the CDP.

Transactions in Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the transfer of the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to Singapore goods and services tax of 7%.

Dealings in our Shares on the SGX-ST will be carried out in Singapore dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third market day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

All duties, fees and expenses specified herein are subject to changes from time to time.

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Settlement of Dealings in Hong Kong

Investors in Hong Kong must settle their trades executed on the HKEx through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his stock account or in his designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his broker or custodian before the settlement date.

An investor may arrange with his broker or custodian on a settlement date in respect of his trades executed on the HKEx. Under the HKEx Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must be the second settlement day following the trade date (a day on which the settlement services of CCASS are open for use by CCASS Participants) (T+2). For trades settled under CCASS, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

The CCASS stock settlement fee payable by each counterparty to an HKEx trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK\$2 and a maximum fee of HK\$100 per trade.

All duties, fees and expenses specified herein are subject to changes from time to time.

Foreign Exchange Risk

Investors in Singapore who trade our Shares on the SGX-ST should note that their trades will be effected in Singapore dollars. Investors in Hong Kong who trade our Shares on the HKEx should note that their trades will be effected in Hong Kong dollars. Accordingly, investors should be aware of the foreign exchange risks associated with such trading.

Please see the section headed "Risk Factors" in this listing document for a discussion on foreign exchange risks.

DIVIDENDS

We must pay all dividends out of our distributable profits less any required reserve funds. To the extent that we declare dividends, we anticipate that they will be declared in Singapore dollars. Shareholders whose Shares are traded on the HKEx will receive their dividends in the Hong Kong dollar equivalent of the Singapore dollar dividend, net of currency conversion costs. We will make the necessary arrangements to convert the dividends in Singapore dollars to Hong Kong dollars at the prevailing foreign exchange rate and in such manner as determined by our Directors at their sole discretion. The Hong Kong dollar amount of dividends received by our Shareholders will be affected by fluctuations in the exchange rate between the Singapore dollar and the Hong Kong dollar. We, CCASS and the CDP will not be liable for any loss arising from the conversion of the dividends payable to Shareholders from Singapore dollars to Hong Kong dollars.

REMOVAL OF SHARES

Removal of Shares

Currently, all our Shares are registered on the principal register of members in Singapore. For purposes of trading on the HKEx following the Listing, our Shares must be registered on the Hong Kong Share Register. Shares may be removed between the principal register of members in Singapore and the Hong Kong Share Register. An investor who wishes to trade on the SGX-ST must have his Shares registered on

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the principal register of members in Singapore and an investor who wishes to trade on the HKEx following the Listing must have his Shares registered on the Hong Kong Share Register by removing them from the principal register of members in Singapore to the Hong Kong Share Register. A resolution has been passed by our Directors authorising the removal of Shares between the principal register of members in Singapore and the Hong Kong Share Register as may from time to time be requested by the members of our Company.

From the SGX-ST to the HKEx

Following the Listing, if an investor whose Shares are traded on the SGX-ST wishes to trade his Shares on the HKEx, he must effect a removal of Shares from the principal register of members in Singapore to the Hong Kong Share Register.

A removal of our Shares from the principal register of members in Singapore to the Hong Kong Share Register would involve the following procedures:

- (a) If the investor's Shares have been deposited with the CDP, the investor must first withdraw his Shares from the CDP by completing a Withdrawal of Securities Form (CDP Form 3.1, which is accompanied by a transfer deed) (the "CDP Transfer Form") available from the CDP and submitting the same to the CDP together with the withdrawal fee as prescribed by the CDP from time to time.
- (b) The investor shall complete a removal request form (the "CDP Removal Request Form") obtained from the Singapore share transfer agent and submit the CDP Removal Request Form to the Singapore share transfer agent.
- (c) The CDP will then send a duly completed CDP Transfer Form together with the relevant share certificate(s) registered under the name of the CDP to the Singapore share transfer agent directly.
- (d) Upon receipt of the duly completed CDP Transfer Form and share certificate(s) from the CDP and the CDP Removal Request Form together with bank drafts for the amount as prescribed by the Singapore share transfer agent and Hong Kong Share Registrar from time to time, the Singapore share transfer agent shall take all actions necessary to effect the transfer and removal of Shares on the Singapore principal register of members. A copy of the relevant documents will be sent from the Singapore share transfer agent to the Singapore principal registrar.
- (e) On completion, the Singapore share transfer agent shall then notify the Hong Kong Share Registrar of the removal whereupon the Hong Kong Share Registrar shall update the Hong Kong Share Register and issue Share certificate(s) in the name of the investor and send such share certificate(s) to the address specified by the investor. Despatch of share certificate(s) will be made at the risk and expense of the investor as specified in the removal request form.
- (f) If the investor's Shares upon being registered on the Hong Kong Share Register are to be deposited with CCASS, the investor must deposit the Shares into CCASS for credit to his CCASS Investor Participant stock account or his designated CCASS Participant's stock account. In order to deposit Shares into CCASS or to effect the sale of Shares on the Hong Kong Share Register, the investor should execute a transfer instrument which is in use in Hong Kong and which can be obtained from the offices of the Hong Kong Share Registrar and deliver it together with his share certificate(s) issued by the Hong Kong Share Registrar to HKSCC directly if he intends to deposit the investor's Shares into CCASS for credit to his CCASS Investor Participant stock account or via a CCASS Participant if he wants the Shares to be credited to his designated CCASS Participant's stock account.

Note: Under normal circumstances, steps (a) to (e) generally require up to 13 business days to complete. At the request of a Shareholder, steps (a) to (e) may be expedited to complete in nine business days subject to the discretion of the Singapore share transfer agent. Expedited processing is not available during the peak operating periods of the Singapore share transfer agent.

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From the HKEx to the SGX-ST

If an investor whose Shares are traded on the HKEx wishes to trade his Shares on the SGX-ST, he must effect a removal of his Shares from the Hong Kong Share Register to the Singapore principal register of members, and deposit such shares into the CDP. Such removal and deposit of the Shares would involve the following procedures:

- (a) If the investor's Shares are registered in the investor's own name, the investor shall complete the Combined Share Removal and Transfer Form and Delivery Instruction Form (the "HK Removal Request Form") available from the Hong Kong Share Registrar and submit the same together with the share certificate(s) in his name and bank draft for the amount as prescribed by the Singapore share transfer agent and the Hong Kong Share Registrar from time to time to the Hong Kong Share Registrar. If the investor's Shares have been deposited with CCASS, the investor must first withdraw such Shares from his CCASS Investor Participant stock account with CCASS or from the stock account of his designated CCASS Participant and submit the relevant share transfer form(s) executed by HKSCC Nominees Limited, the relevant share certificate(s) and a duly completed HK Removal Request Form together with a bank draft for the amount as prescribed by the Singapore share transfer agent and the Hong Kong Share Registrar from time to time to the Hong Kong Share Registrar.
- (b) Upon receipt of the HK Removal Request Form, the relevant share certificate(s) and where appropriate, the completed share transfer form(s) executed by HKSCC Nominees Limited, the Hong Kong Share Registrar shall take all actions necessary to effect the transfer and the removal of the Shares from the Hong Kong Share Register to the Singapore principal register of members.
- (c) The Hong Kong Share Registrar shall then notify the Singapore share transfer agent of the removal whereupon the Singapore share transfer agent shall update the principal register of members in Singapore and issue the relevant Share certificate(s) in the name of the investor and deliver the Share certificate(s) to the investor.
- (d) If the investor requires the Singapore share transfer agent to assist in depositing the Share certificate(s) into the CDP, he should submit a duly completed transfer form and a bank draft for the amount as prescribed by the CDP from time to time to the Singapore share transfer agent at the same time he submits the relevant documents (as contemplated in paragraph (a) above) to the Hong Kong Share Registrar. The Hong Kong Share Registrar shall then notify the Singapore share transfer agent of the removal of Shares from the Hong Kong Share Register, and request the Singapore share transfer agent to issue the relevant share certificate(s) in the name of the CDP and arrange to deposit the same with the CDP. Upon receipt of the relevant documents and once payment of the deposit fee is in good order, the CDP shall credit the specified number of Shares into the investor's securities account with the CDP. The investor must have a securities account in his own name with the CDP or a sub-account in his own name with a CDP depository agent so that the investor's Shares can be credited to his securities account with the CDP or sub-account with a CDP depository agent before dealing in our Shares on the SGX-ST.

Note: Under normal circumstances, steps (a) to (c) generally require 15 business days after the submission of the HK Removal Request Form to complete. At the request of a Shareholder, steps (a) to (c) may be expedited to complete in seven business days after the submission of the HK Removal Request Form subject to the discretion of the Hong Kong Share Registrar. Expedited processing is not available during the peak operating periods of the Hong Kong Share Registrar.

COSTS INVOLVED

All duties, fees and expenses specified herein are subject to changes from time to time.

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Stamp Duty on Transfer of Shares

Hong Kong Stamp Duty

For those Shares which are registered on the Hong Kong Share Register, any transfer thereof or dealings therein will be subject to Hong Kong stamp duty, which includes a transfer instrument stamp duty of HK\$5 on the seller per transfer instrument (if transfer document is required) and *ad valorem* stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the value of our Shares being transferred.

Singapore Stamp Duty

For those Shares which are deposited with the CDP, no transfer stamp duty in Singapore is currently payable for the transfer of our Shares.

Other Costs on Transfer of our Shares

Transaction Costs of Dealing in Shares Listed on the SGX-ST

The clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600 per transaction and a trading fee of 0.0075% of the consideration.

All fees mentioned above are subject to Singapore goods and services tax currently at 7%.

Transaction Costs of Dealing in our Shares Listed on the HKEx

As at the Latest Practicable Date, the transaction costs of dealings in our Shares listed on the HKEx will include a HKEx trading fee of 0.005%, an SFC transaction levy of 0.003%, a transfer instrument stamp duty of HK\$5 on the seller per transfer instrument (if transfer document is required) and *ad valorem* stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the value of our Shares being transferred. The brokerage commission in respect of trades of Shares on the HKEx is freely negotiable.

The CCASS stock settlement fee payable by each counterparty to a HKEx trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK\$2 and a maximum fee of HK\$100 per trade.

Costs of Removal of our Shares

All costs attributable to the removal of our Shares from the Hong Kong Share Register to the principal register of members in Singapore or from the principal register of members in Singapore to the Hong Kong Share Register shall be borne by the Shareholder requesting the removal.

Removal of our Shares from the Principal Register of Members in Singapore to the Hong Kong Share Register

The Singapore share transfer agent will charge S\$30 for each removal of Shares and a fee of S\$2 for each transfer form in respect of transfer of Shares or for each share certificate cancelled or issued by it, and any applicable fee as stated in the removal request form used in Hong Kong or Singapore.

The CDP charges a withdrawal fee of S\$10 for each withdrawal of 1,000 Shares or less, and a fee of S\$25 for each withdrawal of more than 1,000 Shares, payable upon withdrawing our Shares from the CDP and the obtaining of physical share certificates.

In addition, stamp duty of S\$0.20 per S\$100 or part thereof of the last transacted price is also payable where Shares are withdrawn in the name of a third party.

All fees mentioned above are subject to Singapore goods and services tax currently at 7%.

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The Hong Kong Share Registrar offers two levels of service – express and standard. Under the express service, the Hong Kong Share Registrar charges the higher of 0.05% of market value or HK\$20 per certificate, subject to a minimum charge of HK\$5,000, the transfer of Shares to the Hong Kong Share Register will be completed nine business days after the submission of the CDP Removal Request Form. Alternatively, under the standard service, for which the Hong Kong Share Registrar charges a base fee of HK\$200 and HK\$2.50 per certificate, the whole process will be completed 13 business days after the submission of the CDP Removal Request Form.

Shareholders who intend to remove their Shares from the principal register of members in Singapore to the Hong Kong Share Register are advised to check with their brokers on the requirement to complete any additional forms as well as any handling and/or custodian fees.

Removal of our Shares from the Hong Kong Share Register to the principal register of members in Singapore

The Hong Kong Share Registrar also offers express and standard services for the transfer of Shares from the Hong Kong Share Register to the principal register of members in Singapore. Under the express service, the Hong Kong Share Registrar charges the higher of 0.05% of market value or HK\$20 per certificate, subject to a minimum charge of HK\$5,000, the transfer of Shares to the principal register of members in Singapore will be completed seven business days after the submission of the HK Removal Request Form. Alternatively, the standard service, for which the Hong Kong Share Registrar charges a base fee of HK\$200 and HK\$2.50 per certificate, the whole process will be completed 14 business days after the submission of the HK Removal Request Form.

CCASS charges a withdrawal fee of HK\$3.50 per board lot (subject to a minimum of HK\$20 per withdrawal order for a CCASS Investor Participant) for withdrawal from the CCASS system. Odd lots are also charged at HK\$3.50 each.

Shareholders who intend to remove their Shares from the Hong Kong Share Register to the principal register of members in Singapore are advised to check with their brokers or CCASS Participants on the requirement to complete any additional forms as well as any handling and/or custodian fees.

The CDP charges a deposit fee of S\$10 for any deposit of Shares into CDP per transaction (subject to Singapore goods and services tax currently at 7%).

The Singapore share transfer agent charges a processing fee of S\$30 and S\$2 per certificate for each removal request (subject to Singapore goods and services tax currently at 7%).

SPECIAL ARRANGEMENTS TO FACILITATE TRANSFERS PRIOR TO THE LISTING

Special arrangements have been made to facilitate transfers of Shares prior to the Listing. In connection with the Listing, the Singapore share transfer agent and the Hong Kong Share Registrar will provide two batch-transfers of Singapore-listed Shares for Shareholders seeking to transfer their Shares to the Hong Kong Share Register prior to the Listing.

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The key dates in relation to such batch-transfer exercises (the “Batch-Transfers”) are set out below:

Events	First Batch-Transfer	Second Batch-Transfer
Final date to submit a request for withdrawal of securities form to the CDP and a CDP Removal Request Form to the Singapore share transfer agent	October 4, 2011	October 20, 2011
Shares certificates available for collection from the Hong Kong Share Registrar’s office	October 14, 2011	November, 2, 2011

Shareholders who hold their Shares directly in the CDP and who wish to participate in the Batch-Transfers will need to complete and submit the request for withdrawal of securities form to the CDP and the CDP Removal Request Form to the Singapore share transfer agent before the relevant dates stipulated above.

The Singapore share transfer agent and the Hong Kong Share Registrar have agreed to waive their charges to Shareholders in respect of the Batch-Transfers. CDP’s existing charges will still apply, together with any other costs to be levied by Shareholders’ own brokers, nominees or custodians (where relevant).

Shareholders should note that the Batch-Transfers are expedited transfers, where share certificates are expected to be available for collection from the Hong Kong Share Registrar’s office nine business days after the final date for submission of a CDP Removal Request Form to the Singapore share transfer agent. Ordinary non-expedited transfers of Shares from the principal register of members in Singapore to the Hong Kong Share Register are expected to take 13 business days after the submission of the CDP Removal Request Form to complete. For further details on the removal of Shares from the principal register of members in Singapore to the Hong Kong Share Register, please refer to the sub-section headed “Removal of Shares – From the SGX-ST to the HKEx” above.

Our Company has made arrangements to inform our Shareholders and the Singapore investing public of details of the Listing and the Batch-Transfers procedures by way of announcement on the HKEx and the SGX-ST. Please refer to the sub-section headed “Bridging Arrangements” below for details.

BRIDGING ARRANGEMENTS

Intended Arbitrage Activities during the Bridging Period

Upon the Listing, the Bridging Dealers will seek to undertake certain trading activities in our Shares in the circumstances as described below. Certain trades envisaged to be carried out by the Bridging Dealers during the Bridging Period (being the 30-day period from and including the Listing Date) may constitute covered short selling (or be deemed to constitute short selling) under applicable Hong Kong laws and regulations. The Rules of the Exchange prohibit short selling save for short selling of Designated Securities (as defined in the Rules of the Exchange) during the Continuous Trading Period (as defined in the Rules of the Exchange). In this regard, the Joint Sponsors have applied for, on behalf of the Bridging Dealers, to the HKEx, and the HKEx has granted an exemption, to permit the Bridging Dealers to conduct the proposed trading activities described below which may constitute (or may be deemed to constitute) short selling of securities during the Continuous Trading Session (as defined in the Rules of the Exchange) in circumstances where our Shares are not Designated Securities (as defined in the Rules of the Exchange). In addition, the HKEx has granted an exemption to permit short selling during the Pre-opening Session (defined in the Rules of the Exchange as being from 9:00 a.m. Hong Kong time to the commencement of the morning trading session at 9:30 a.m. Hong Kong time) to allow the Bridging Dealers to conduct such short selling transactions of our Shares during the Pre-opening Session within the Bridging Period despite our Shares not being designated as a Designated Security. The Joint Sponsors have also applied for, on behalf of the Bridging Dealers, and have obtained from the HKEx an exemption from the provision of the

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Rules of the Exchange that a short sale shall not be made on the HKEx below the best current ask price except where the Designated Security is a Market Making Security (as defined in the Rules of the Exchange) approved by the SFC to be excluded from the application of this provision.

No person other than the Bridging Dealers is permitted to enter into short sale of our Shares on the HKEx during the Bridging Period or thereafter unless our Shares are designated for short selling by the HKEx. Upon the expiry of the Bridging Period, the Bridging Dealers will not be able to engage in further arbitrage activities described below in respect of our Shares on the HKEx unless our Shares are designated by the HKEx for short selling.

Such arbitrage activities are expected to promote and facilitate the liquidity of trading in our Shares on the Hong Kong market upon the Listing as well as to reduce potential material divergence between share prices quoted on the HKEx and the SGX-ST during the Bridging Period:

- (1) The Bridging Dealers will seek to carry out arbitrage trades in line with market practice in the context of dual listed stocks. The arbitrage trades are envisaged to be carried out where there exists a meaningful price differential between prices of our Shares quoted on the HKEx and those quoted on the SGX-ST.

The typical cost of executing an arbitrage trade should constitute a small percentage of our Share price. In the Hong Kong context, the typical cost comprises a HKEx trading fee (0.005%), a SFC transaction levy (0.003%), transfer instrument stamp duty (HK\$5 per transfer instrument) and *ad valorem* stamp duty on both the buyer and seller (0.01% each) while in the Singapore context, there is a clearing fee (0.04% up to a maximum of S\$600) and a trading fee (0.0075%). Nonetheless, as the Bridging Dealers envisage, for arbitrage trades to occur, our Share price differential would need to exceed such transaction costs and the risk premium as perceived by the Bridging Dealers (including but not limited to factors such as price volatility and market liquidity on both markets).

The Bridging Dealers intend to carry out arbitrage trades where (a) there exists a meaningful Share price differential between the Hong Kong and Singapore markets (as determined by the Bridging Dealers), and (b) the Bridging Dealers are able to purchase sufficient quantities of Shares to address such price differentials when they arise and to contribute towards trading liquidity to a meaningful extent. The bridging arrangements and the role of the Bridging Dealers will terminate and cease at the expiry of the Bridging Period (being the 30-day period from and including the Listing Date).

- (2) For the Bridging Dealers to contribute meaningfully towards liquidity of trading in our Shares on the Hong Kong market, there should be no trading or exchange disruption in or early closure (other than due to different trading hours) of one or both stock exchanges. There should be concurrent availability of Shares on both stock exchanges. Our controlling shareholder, CapitaLand (the “Lender”), has entered into a stock borrowing and lending agreement with each of the Bridging Dealers (the “Stock Borrowing Agreements”) to ensure that the Bridging Dealers will have ready access to appropriate quantities of Shares for settlement purposes upon the Listing and during the Bridging Period (being the 30-day period from and including the Listing Date).
- (3) Pursuant to the Stock Borrowing Agreements, the Lender will, at the request of the Bridging Dealers, make available to the Bridging Dealers stock lending facilities of up to 96 million Shares, representing approximately 2.5% of the total issued shares of our Company as at the Latest Practicable Date, on one or more occasions, subject to applicable laws, rules and regulations in Singapore and Hong Kong. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealers in Hong Kong. These Shares will be registered on the Hong Kong Share Register. The total number of Shares subject to the Stock Borrowing Agreements is in excess of the aggregate of the daily trading volumes of our Shares on the SGX-ST for the 15 market days immediately before and up to the Latest Practicable Date.

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The Stock Borrowing Agreements provide, *inter alia*, that all our Shares borrowed shall be returned to the Lender not later than thirteen business days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date). To close out the borrowed positions, the Bridging Dealers may purchase Shares on the SGX-ST or use any unutilised Shares registered on the Hong Kong Share Register and transfer such Shares to the Lender. If necessary, the Bridging Dealers may repeat the process or alternatively may purchase Shares from the SGX-ST or the HKEx, in order to provide additional liquidity to meet demand for the Shares in the Hong Kong market during the Bridging Period.

- (4) The Bridging Dealers will continue to replenish their Share inventory while carrying out the arbitrage trades. When a buy order has been executed on the Singapore market, the Bridging Dealers will instruct the Singapore share transfer agent to transfer Shares purchased on the Singapore market to Hong Kong to replenish their Share inventory for further trading. While such transfer of Shares takes place, the Bridging Dealers will utilise Shares borrowed under the Stock Borrowing Agreements for settlement of the sales made on the HKEx.
- (5) Each of the Bridging Dealers has set up a designated dealer identity number solely for the purposes of carrying out arbitrage trades under this exercise in Hong Kong, in order to ensure identification and thereby enhance transparency of such trades on the Hong Kong market. Specifically, CICC and its affiliates have set up a designated dealer identity number 7681 and JPM Broking and its affiliates have set up a designated dealer identity number 7683 for this purpose. Any change in such designated dealer identity numbers will be disclosed as soon as possible by way of announcement on both the HKEx and the SGX-ST and will be posted by our Company on its website. In addition, each of the Bridging Dealers has also set up another designated dealer identity number which can be used in emergency and unforeseen situation if the aforesaid identity number for each of the Bridging Dealers in respect of the arbitrage trades cannot be used. Specifically, CICC and its affiliates have set up a designated dealer identity number 7682 and JPM Broking and its affiliates have set up a designated dealer identity number 7684 for this purpose.
- (6) The Bridging Dealers will enter into such bridging arrangements (including the arbitrage activities) on a voluntary basis with a view to contributing towards liquidity of Shares in Hong Kong, and intends for such bridging arrangements to constitute proprietary transactions.

It is emphasised that other than the Bridging Dealers, arbitrage activities and bridging arrangements may be carried out by market participants who have access to our Shares. Also, other existing Shareholders who may have transferred part or all of their shareholdings from Singapore to Hong Kong upon the commencement of trading (or thereafter) can also carry out arbitrage trades in our Shares. Such activities will depend on the extent of price differentials between the two stock exchanges, and the number of market participants (other than the Bridging Dealers) who elect to enter into such arbitrage activities and bridging arrangements.

The arbitrage activities of the Bridging Dealers and any persons acting for them respectively will be entered into in accordance with all applicable laws, rules and regulations. The bridging arrangements being implemented in connection with the Listing are not equivalent to the price stabilization activities which may be undertaken in connection with an initial public offering. In addition, each of the Bridging Dealers is not acting as a market maker and does not undertake to create or make a market in Shares on the Hong Kong market.

It should be noted that the Bridging Dealers and any persons acting for them respectively may, in connection with the proposed liquidity activities, maintain a long position in our Shares. There is no certainty regarding the extent, time or the period for which the Bridging Dealers and any persons acting for them respectively may maintain such a long position in our Shares. The liquidation of any such long position by the Bridging Dealers or any persons acting for them respectively may have an adverse impact on the market price of our Shares.

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Spread of Shareholdings

It is expected that the following measures and factors will assist in creating and/or improving the spread of holdings of our Shares available for trading on the HKEx following the Listing:

- As our Shares are of one and the same class, Shareholders may at their discretion transfer Shares from Singapore to Hong Kong upon or after the Listing, as described in the section headed “Removal of Shares.” Special arrangements have been made to facilitate transfers of Shares, and to incentivise existing Shareholders to transfer their Shares to Hong Kong prior to the Listing by enabling them to do so at a reduced cost. Details of such arrangements are set out in the section headed “Special arrangements to facilitate transfers prior to the Listing.” To the extent that existing Shareholders elect to transfer Shares to Hong Kong before or shortly after the Listing, such Shares may help contribute to the general liquidity of our Shares on the Hong Kong market.
- The Lender has confirmed to our Company that it intends to transfer, and/or procure the transfer of, up to 96 million Shares it holds, representing approximately 2.5% of the total issued shares of our Company as at the Latest Practicable Date to the Hong Kong Share Register. As indicated in the subsection headed “Intended Arbitrage Activities during the Bridging Period” above, CapitaLand has made available to the Bridging Dealers such Shares which will be used solely for settlement in connection with the arbitrage trades carried out by the Bridging Dealers in Hong Kong.
- In conducting arbitrage activities in circumstances as described in the sub-section headed “Intended Arbitrage Activities during the Bridging Period” above, each of the Bridging Dealers is effectively acting as a conduit to transfer some of the trading liquidity of our Shares in the Singapore market to the Hong Kong market.

Our Company and the Joint Sponsors consider that having regard to the special arrangements described in the sub-sections headed “Special arrangements to facilitate transfers prior to the Listing”, “Bridging Arrangements” and “Investor Education” of this section headed “Listings, Registration, Dealings and Settlement” of this listing document, all reasonable efforts have been made to facilitate the migration of our Shares to the Hong Kong Share Register to provide the basis for an open market in Hong Kong at the time of the Listing.

Benefits of the Bridging Arrangements

We believe that the bridging arrangements will benefit the Listing in the following ways:

- as arbitrage trades are intended to be carried out by the Bridging Dealers during the Bridging Period (being the 30-day period from and including the Listing Date) where there exists a meaningful price differential in our Share prices on the Hong Kong and the Singapore markets, the bridging arrangements are expected to promote and facilitate the liquidity of our Shares on the Hong Kong market upon the Listing;
- arbitrage trades, by their nature, would typically contribute to reducing potential material divergence between Share prices on the Hong Kong and the Singapore markets; and
- by seeking to minimize the risk of a disorderly market developing from significant demand for the Shares not satisfied in Hong Kong and during the initial period after the Listing.

LISTINGS, REGISTRATION, DEALINGS AND SETTLEMENT

Disclosure of the Bridging Arrangements

In order to enhance transparency of the arbitrage activities carried out under the bridging arrangements, various measures to provide information to the market and potential investors will be undertaken as described in the sub-section headed “Investor Education” below.

Further, our Company will, as soon as practicable and in any event before the opening of trading hours on the business day immediately before the first day of the Listing (in respect of the first batch-transfer) and as soon as practicable after the Listing (in respect of the second batch-transfer), release an announcement on the HKEx and the SGX-ST to inform the investing public of the following information as at the latest practicable date prior to such announcement:

- the number of Shares in respect of which the Singapore share transfer agent has received instructions from Shareholders for the transfer of such Shares to the Hong Kong Share Register under the first-batch transfer and the second batch-transfer (as the case maybe) removal process described above; and
- the total number of Shares which have been registered on the Hong Kong Share Register.

In respect of the arbitrage trades to be carried out by the Bridging Dealers, each of the Bridging Dealers will set up a designated dealer identity number solely for the purposes of carrying out such trades in Hong Kong, in order to ensure identification and thereby enhance transparency of the trades on the Hong Kong market.

In addition, where applicable, the arbitrage trades carried out by the Bridging Dealers, as well as the transactions under the Stock Borrowing Agreements, will also be disclosed in accordance with the disclosure of interests regime under the applicable laws and regulations in Singapore.

INVESTOR EDUCATION

Arrangements Involving our Company and the Joint Sponsors

Prior to the Listing, our Company and the Joint Sponsors will cooperate to inform the investor community of general information about our Company, as well as the developments and/or changes to the bridging arrangements as disclosed in this listing document. After the Listing has taken place, our Company and the Joint Sponsors may continue to take measures to educate the public. The following measures will be taken to enhance transparency of our Company and the bridging arrangements:

- there will be media briefings and press interviews to inform investors of the arrangements;
- analyst briefings will be conducted to local brokerages/research houses that cover Hong Kong-listed real estate companies;
- briefings in relation to the bridging arrangements will be conducted for, amongst others, private bank divisions, a syndicate of brokerage houses and other institutional investors;
- investors relation activities, such as a non-deal road show, will be conducted to maintain the interest of investors in our Shares and our business;
- information on our Company generally, and on Share transfer procedures as summarised in the sub-section headed “Removal of Shares” above will be posted on the website of our Company (currently only available in English);
- information, including our previous day closing price, trading volume and other relevant historical data will be disclosed on the website of our Company. Furthermore, during a period of three business days prior to the commencement of dealings in our Shares on the HKEx, a daily announcement will be released on the HKEx and the SGX-ST, disclosing our previous day closing price on the SGX-ST, as well as any relevant developments and updates with regard to the bridging arrangements; and

LISTINGS, REGISTRATION, DEALINGS AND SETTLEMENT

- electronic copies of this listing document will be disseminated through the website of our Company and the websites of the HKEx and the SGX-ST. In addition, physical copies of this listing document will be made available for collection at the following locations:
 - Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong
 - Joint Sponsors
China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Financial Centre
1 Harbour View Street, Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
8 Connaught Road Central
Ground Floor, Chater House
Hong Kong

Other Sources of Information

Real-time trading information in respect of our Shares can be obtained from the following sources:

- the website of the SGX-ST at <http://www.sgx.com>, at no cost; or
- through service providers that provide such facilities at investors' own expense. Such service will be provided on and subject to the terms and conditions of the relevant service provider.

LISTINGS, REGISTRATION, DEALINGS AND SETTLEMENT

Historical Trading Information in Respect of our Shares on the SGX-ST

For information purposes only, please see the table below in relation to high, low, period closing and period averages of our Company's trading information on the SGX-ST, as of the Latest Practicable Date:

Calendar period	High close	Low close	Average close	Period end
	(S\$)	(S\$)	(S\$)	(S\$)
Annually				
2009	2.70	2.12	2.51	2.54
2010	2.54	1.84	2.16	1.94
2011 (up to Latest Practicable Date)	2.01	1.14	1.65	1.28
Quarterly				
November – December 2009	2.70	2.12	2.51	2.54
First Quarter 2010	2.54	2.19	2.31	2.26
Second Quarter 2010	2.32	1.97	2.15	2.11
Third Quarter 2010	2.25	2.02	2.12	2.16
Fourth Quarter 2010	2.32	1.84	2.07	1.94
First Quarter 2011	2.01	1.59	1.83	1.78
Second Quarter 2011	1.88	1.59	1.75	1.61
Third Quarter 2011 (up to Latest Practicable Date)	1.51	1.14	1.36	1.28
Monthly				
November 2009	2.30	2.12	2.25	2.29
December 2009	2.70	2.32	2.56	2.54
January 2010	2.54	2.24	2.37	2.31
February 2010	2.28	2.19	2.23	2.28
March 2010	2.39	2.25	2.31	2.26
April 2010	2.32	2.14	2.23	2.19
May 2010	2.16	1.97	2.07	2.10
June 2010	2.22	2.07	2.14	2.11
July 2010	2.13	2.02	2.06	2.13
August 2010	2.16	2.06	2.10	2.10
September 2010	2.25	2.11	2.20	2.16
October 2010	2.32	2.14	2.20	2.14
November 2010	2.18	1.97	2.09	1.97
December 2010	2.00	1.84	1.93	1.94
January 2011	1.96	1.87	1.90	1.87
February 2011	2.01	1.72	1.89	1.72
March 2011	1.78	1.59	1.72	1.78
April 2011	1.88	1.76	1.82	1.77
May 2011	1.74	1.59	1.67	1.60
June 2011	1.63	1.40	1.50	1.47
July 2011	1.51	1.44	1.46	1.44
August 2011	1.43	1.14	1.25	1.36
September 2011 (up to the Latest Practicable Date)	1.35	1.21	1.29	1.22

LISTINGS, REGISTRATION, DEALINGS AND SETTLEMENT

For information purposes only, please see the table below in relation to the average daily trading volume and turnover for each month since the Company's listing on the SGX-ST, as of the Latest Practicable Date:

	Average daily trading volume (Shares/mm)	Average daily turnover (S\$ million)	Average daily trading volume as % of Shares in issue
November 2009	96.8	221.1	N.A.
December 2009	28.8	74.2	0.7%
January 2010	10.6	25.1	0.3%
February 2010	7.1	15.9	0.2%
March 2010	7.5	17.4	0.2%
April 2010	6.5	14.4	0.2%
May 2010	5.9	12.2	0.2%
June 2010	3.2	6.7	0.1%
July 2010	5.5	11.5	0.1%
August 2010	4.0	8.4	0.1%
September 2010	5.2	11.3	0.1%
October 2010	5.5	12.2	0.1%
November 2010	4.0	8.3	0.1%
December 2010	6.7	12.9	0.2%
January 2011	6.1	11.5	0.2%
February 2011	7.5	14.1	0.2%
March 2011	8.3	14.2	0.2%
April 2011	6.3	11.6	0.2%
May 2011	4.7	7.8	0.2%
June 2011	6.6	9.8	0.2%
July 2011	8.5	12.4	0.2%
August 2011	16.2	20.2	0.4%
September 2011 (up to the Latest Practicable Date) ..	4.8	6.2	0.1%

Historical Share prices may not be indicative of the price at which our Shares will trade following the completion of the Listing. Please refer to the section headed "Risk Factors – Risks Relating to the Secondary Listing – The stock markets of Singapore and Hong Kong have different characteristics and the historical prices of the Singapore Shares may not be indicative of the performance of the Hong Kong Shares after the listing of our Shares on the HKEx" in this listing document.

Inventory of our Shares to Meet Hong Kong Demand

Taking into account the average daily trading volume of our Shares on the SGX-ST in the two months ended the Latest Practicable Date, the average daily trading volume and accumulated average daily trading volume of certain companies recently listed in Hong Kong by way of introduction within one week and one month immediately after their respective listings, as well as the historical (in the one week, two weeks and one month ended the Latest Practicable Date) average daily trading volume and accumulated average daily trading volume of some of the listed companies in the Hong Kong market with market capitalisation and turnover similar to that of our Company, the Joint Sponsors believe that the above arrangements should provide a reasonable basis to facilitate the development of an open market in Hong Kong for our Shares.



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

September 30, 2011

The Directors
CapitaMalls Asia Limited
China International Capital Corporation Hong Kong Securities Limited
J.P. Morgan Securities (Asia Pacific) Limited

Dear Sirs

INTRODUCTION

We set out below our report on the financial information (the “Financial Information”) of CapitaMalls Asia Limited (the “Company”) and its subsidiaries (hereafter collectively referred to as the “Group”) set out in Sections A to B below, for inclusion in the listing document of the Company dated September 30, 2011 in connection with the proposed secondary listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the balance sheets of the Group and the Company as at December 31, 2008, 2009 and 2010 and June 30, 2011 and the income statements, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the statements of cash flows of the Group for each of the years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2011 (the “Relevant Period”), and a summary of significant accounting policies and other explanatory notes.

The Company is a public limited liability company, under the Companies Act, Chapter 50 of Singapore, incorporated on October 12, 2004 and domiciled in the Republic of Singapore (Registration Number: 200413169H) with its registered office and principal place of business at 39 Robinson Road, #18-01 Robinson Point, Singapore 068911. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited on November 25, 2009. The principal activities of the Company are that of an investment holding company and provision of management services.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries, associates and jointly-controlled entities as set out in Notes 34 to 36 of Section B below. All subsidiaries of the Group have adopted December 31, as their financial year end date. Details of the subsidiaries, associates and jointly-controlled entities that are subject to audit during the Relevant Period and the names of the respective auditors are set out in Notes 34 to 36 of Section B below.

The financial statements of the Company, comprising the consolidated financial statements of the Group, and the balance sheets, income statements, statements of comprehensive income and statements of changes in equity of the Company and a summary of significant accounting policies and other explanatory notes, for each of the years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2011, were prepared by the directors of the Company in accordance with Singapore Financial Reporting Standards (which include all Singapore Financial Reporting Standards and Singapore Financial Reporting Interpretations) (“FRS”) issued by the Singapore Accounting Standards Council (the “Underlying Financial Statements”). We have audited the Underlying Financial Statements in accordance with Singapore Standards on Auditing issued by the Institute of Certified Public Accountants of Singapore (“ICPAS”).

Except for those adjustments arising from adoption of certain new and revised accounting standards and interpretations and certain reclassifications as described in Note 1(e) and Note 39 respectively, the Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information in accordance with FRS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Financial Information and have carried out such appropriate procedures as we considered necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the Hong Kong Institute of Certified Public Accountants.

We have not audited any financial statements of the Company and its subsidiaries or the Group in respect of any period subsequent to June 30, 2011.

OPINION

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Note 1 of Section B below and in accordance with the accounting policies set out in Note 2 of Section B below, gives a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2008, 2009 and 2010 and June 30, 2011 and the consolidated results and changes in equity of the Group and of the Company and the cash flows of the Group for the Relevant Period.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated financial statements of the Group, and the balance sheets, income statements, statements of comprehensive income and statements of changes in equity of the Company and other explanatory notes, for the six months ended June 30, 2010, prepared by directors of the Company in accordance with FRS 34 *Interim Financial Reporting* (the "Corresponding Financial Information"). We have reviewed the Corresponding Financial Statements in accordance with Singapore Standards on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the ICPAS.

The directors of the Company are responsible for the preparation and presentation of the Corresponding Financial Information in accordance with FRS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

**APPENDIX I CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

A FINANCIAL INFORMATION

1 CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2008, 2009 AND 2010 AND JUNE 30, 2011

	Note	Group				Company			
		At December 31,			At	At December 31,			At
		2008	2009	2010	June 30,	2008	2009	2010	June 30,
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS									
Non-current assets									
Plant and equipment	3	16,396	14,686	13,197	14,054	5,938	4,654	4,292	4,573
Investment properties	4	1,390,146	1,378,567	304,429	581,664	-	-	-	-
Properties under development	5	171,250	127,666	288,848	783,263	-	-	-	-
Subsidiaries	6	-	-	-	-	484,169	2,712,159	2,846,538	3,025,807
Associates	7	2,746,561	2,999,393	3,119,729	3,264,767	-	-	-	-
Jointly-controlled entities	8	241,604	675,398	1,043,656	910,885	-	-	-	-
Other investments	9	113,071	200,028	378,653	387,519	-	-	-	-
Deferred tax assets	10	203	203	203	203	-	-	-	-
Other assets	11	1,338	730	16,869	33,523	127	4	-	-
		<u>4,680,569</u>	<u>5,396,671</u>	<u>5,165,584</u>	<u>5,975,878</u>	<u>490,234</u>	<u>2,716,817</u>	<u>2,850,830</u>	<u>3,030,380</u>
Current assets									
Trade and other receivables	12	306,672	436,013	498,281	210,359	791,145	1,834,502	2,161,763	1,999,536
Cash and cash equivalents	13	138,060	544,306	1,318,312	1,191,614	5,624	355,415	927	921
		<u>444,732</u>	<u>980,319</u>	<u>1,816,593</u>	<u>1,401,973</u>	<u>796,769</u>	<u>2,189,917</u>	<u>2,162,690</u>	<u>2,000,457</u>
Total assets		<u><u>5,125,301</u></u>	<u><u>6,376,990</u></u>	<u><u>6,982,177</u></u>	<u><u>7,377,851</u></u>	<u><u>1,287,003</u></u>	<u><u>4,906,734</u></u>	<u><u>5,013,520</u></u>	<u><u>5,030,837</u></u>
EQUITY AND LIABILITIES									
Equity attributable to owners of the Company									
Share capital	14	1,000,000	4,605,000	4,605,000	4,607,514	1,000,000	4,605,000	4,605,000	4,607,514
Reserves	15	532,920	735,041	1,223,519	1,283,685	42,271	103,572	153,025	172,649
		<u>1,532,920</u>	<u>5,340,041</u>	<u>5,828,519</u>	<u>5,891,199</u>	<u>1,042,271</u>	<u>4,708,572</u>	<u>4,758,025</u>	<u>4,780,163</u>
Non-controlling interests		<u>52,081</u>	<u>53,413</u>	<u>59,711</u>	<u>212,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity		<u><u>1,585,001</u></u>	<u><u>5,393,454</u></u>	<u><u>5,888,230</u></u>	<u><u>6,103,583</u></u>	<u><u>1,042,271</u></u>	<u><u>4,708,572</u></u>	<u><u>4,758,025</u></u>	<u><u>4,780,163</u></u>

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

APPENDIX I

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON

	Note	Group				Company			
		At December 31,			At	At December 31,			At
		2008	2009	2010	June 30,	2008	2009	2010	June 30,
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
LIABILITIES									
Non-current liabilities									
Loans and borrowings	16	1,648,152	430,738	687,692	734,508	-	-	-	-
Deferred tax liabilities	10	25,026	30,065	33,121	47,513	681	223	339	569
Other non-current liabilities	17	26,250	23,845	7,376	9,413	349	705	1,022	274
		<u>1,699,428</u>	<u>484,648</u>	<u>728,189</u>	<u>791,434</u>	<u>1,030</u>	<u>928</u>	<u>1,361</u>	<u>843</u>
Current liabilities									
Trade and other payables	18	453,733	377,622	295,396	185,355	231,632	197,164	254,069	249,766
Loans and borrowings	16	1,354,915	72,155	12,260	237,611	12,000	-	-	-
Current tax payable		32,224	49,111	58,102	59,868	70	70	65	65
		<u>1,840,872</u>	<u>498,888</u>	<u>365,758</u>	<u>482,834</u>	<u>243,702</u>	<u>197,234</u>	<u>254,134</u>	<u>249,831</u>
Total liabilities		<u>3,540,300</u>	<u>983,536</u>	<u>1,093,947</u>	<u>1,274,268</u>	<u>244,732</u>	<u>198,162</u>	<u>255,495</u>	<u>250,674</u>
Total equity and liabilities		<u>5,125,301</u>	<u>6,376,990</u>	<u>6,982,177</u>	<u>7,377,851</u>	<u>1,287,003</u>	<u>4,906,734</u>	<u>5,013,520</u>	<u>5,030,837</u>
Net current (liabilities)/assets		<u>(1,396,140)</u>	<u>481,431</u>	<u>1,450,835</u>	<u>919,139</u>	<u>553,067</u>	<u>1,992,683</u>	<u>1,908,556</u>	<u>1,750,626</u>
Total assets less current liabilities		<u>3,284,429</u>	<u>5,878,102</u>	<u>6,616,419</u>	<u>6,895,017</u>	<u>1,043,301</u>	<u>4,709,500</u>	<u>4,759,386</u>	<u>4,781,006</u>

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

2 CONSOLIDATED INCOME STATEMENTS

*YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30,
2010 AND 2011*

	Note	Group					Company				
		Years ended December 31,			Six months ended		Years ended December 31,			Six months ended	
		2008	2009	2010	June 30,	2011	2008	2009	2010	June 30,	2011
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
					(unaudited)				(unaudited)		
Revenue	22	205,210	228,946	245,402	147,644	113,031	140,578	158,147	184,888	38,887	202,722
Cost of sales		(81,007)	(100,246)	(91,803)	(52,396)	(43,082)	(30,238)	(31,320)	(33,226)	(16,408)	(14,292)
Gross profit		124,203	128,700	153,599	95,248	69,949	110,340	126,827	151,662	22,479	188,430
Other operating income	23	119,703	85,019	82,447	37,722	84,623	123	2,899	7,631	4,742	1,277
Administrative expenses		(87,266)	(70,212)	(107,419)	(49,284)	(64,586)	(45,758)	(43,629)	(57,397)	(27,546)	(27,925)
Other operating expenses		(617)	(111,901)	(1,099)	(78)	(2,710)	(18)	(28,313)	(19,122)	(4)	(64,569)
Finance costs	24	(158,296)	(111,430)	(25,603)	(13,632)	(16,050)	(10,276)	(510)	(1)	(1)	-
Share of results (net of tax) of:											
– Associates		152,643	(46,705)	112,824	2,445	118,736	-	-	-	-	-
– Jointly-controlled entities		(2,998)	423,447	363,060	89,456	71,628	-	-	-	-	-
Profit/(Loss) before taxation	25	147,372	296,918	577,809	161,877	261,590	54,411	57,274	82,773	(330)	97,213
Income tax (expense)/credit	26	(29,307)	(22,693)	(28,871)	(12,821)	(32,003)	-	458	(205)	(90)	(230)
Profit/(Loss) for the year/period		118,065	274,225	548,938	149,056	229,587	54,411	57,732	82,568	(420)	96,983
Profit/(Loss) attributable to:											
Owners of the Company		115,562	268,665	541,337	146,890	214,043	54,411	57,732	82,568	(420)	96,983
Non-controlling interests		2,503	5,560	7,601	2,166	15,544	-	-	-	-	-
Profit/(Loss) for the year/period		118,065	274,225	548,938	149,056	229,587	54,411	57,732	82,568	(420)	96,983
Earnings per share											
Basic earnings per share (cents)	27	34.9	13.9	13.9	3.8	5.5					
Diluted earnings per share (cents)	27	34.9	13.9	13.9	3.8	5.5					

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

3 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010 AND 2011

	Group					Company				
	Years ended December 31,			Six months ended		Years ended December 31,			Six months ended	
	2008	2009	2010	2010	2011	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			(unaudited)					(unaudited)		
Profit/(Loss) for the year/period	118,065	274,225	548,938	149,056	229,587	54,411	57,732	82,568	(420)	96,983
Other comprehensive income										
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans*	(9,660)	(25,195)	(37,439)	21,715	(88,931)	-	-	-	-	-
Effective portion of change in fair value of cash flow hedges*	(6,185)	4,217	(344)	-	6	-	-	-	-	-
Change in fair value of available-for-sale investments*	(40,429)	37,451	25,936	12,635	18,136	-	-	-	-	-
Net change in fair value of available-for-sale investments and cash flow hedges transferred to profit or loss*	(14,461)	(52,806)	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and jointly-controlled entities*	36,068	(33,698)	(7,888)	7,367	(11,108)	-	-	-	-	-
Total comprehensive income for the year/period	<u>83,398</u>	<u>204,194</u>	<u>529,203</u>	<u>190,773</u>	<u>147,690</u>	<u>54,411</u>	<u>57,732</u>	<u>82,568</u>	<u>(420)</u>	<u>96,983</u>
Total comprehensive income attributable to:										
Owners of the Company	75,827	202,862	523,031	188,058	137,407	54,411	57,732	82,568	(420)	96,983
Non-controlling interests	7,571	1,332	6,172	2,715	10,283	-	-	-	-	-
Total comprehensive income for the year/period	<u>83,398</u>	<u>204,194</u>	<u>529,203</u>	<u>190,773</u>	<u>147,690</u>	<u>54,411</u>	<u>57,732</u>	<u>82,568</u>	<u>(420)</u>	<u>96,983</u>

* There are no income tax effects relating to these components of other comprehensive income.

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

**4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2011**

	Share capital	Capital reserve	Fair value reserve	Currency translation reserve	Hedging reserve	Accumulated profits	Company	Non- controlling interests	Total equity
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2008	50,000	10,919	82,093	(25,080)	(10,179)	453,335	561,088	46,390	607,478
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	115,562	115,562	2,503	118,065
Other comprehensive income									
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	-	-	-	(14,728)	-	-	(14,728)	5,068	(9,660)
Effective portion of change in fair value of cash flow hedges	-	-	-	-	(6,185)	-	(6,185)	-	(6,185)
Change in fair value of available-for-sale investments	-	-	(40,429)	-	-	-	(40,429)	-	(40,429)
Net change in fair value of available-for-sale investments and cash flow hedges transferred to profit or loss	-	-	(8,935)	-	(5,526)	-	(14,461)	-	(14,461)
Share of other comprehensive income of associates and jointly-controlled entities	-	(40)	-	43,459	(7,351)	-	36,068	-	36,068
Total other comprehensive income	-	(40)	(49,364)	28,731	(19,062)	-	(39,735)	5,068	(34,667)
Total comprehensive income for the year	-	(40)	(49,364)	28,731	(19,062)	115,562	75,827	7,571	83,398

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

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
Transactions with owners, recorded directly in equity									
Issue of shares through capitalisation of amounts due to related corporation (Note 14)	950,000	-	-	-	-	-	950,000	-	950,000
Cost of share-based payments	-	5,005	-	-	-	-	5,005	-	5,005
Effects of disposal of subsidiaries	-	-	-	-	-	-	-	(1,880)	(1,880)
Dividends paid of \$0.107 per share	-	-	-	-	-	(59,000)	(59,000)	-	(59,000)
Total transactions with owners	950,000	5,005	-	-	-	(59,000)	896,005	(1,880)	894,125
Transfer between reserves	-	-	(22,762)	-	22,762	-	-	-	-
At December 31, 2008	<u>1,000,000</u>	<u>15,884</u>	<u>9,967</u>	<u>3,651</u>	<u>(6,479)</u>	<u>509,897</u>	<u>1,532,920</u>	<u>52,081</u>	<u>1,585,001</u>

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

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

	Share capital	Capital reserve	Fair value reserve	Currency translation reserve	Hedging reserve	Accumulated profits	Other reserves	Total attributable to owners of the Company	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group	1,000,000	15,884	9,967	3,651	(6,479)	509,897	-	1,532,920	52,081	1,585,001
At January 1, 2009										
Total comprehensive income for the year						268,665		268,665	5,560	274,225
Profit for the year										
Other comprehensive income										
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans				(20,967)				(20,967)	(4,228)	(25,195)
Effective portion of change in fair value of cash flow hedges					4,217			4,217		4,217
Change in fair value of available-for-sale investments			37,451					37,451		37,451
Net change in fair value of available-for-sale investments and cash flow hedges transferred to profit or loss			(37,537)		(15,269)			(52,806)		(52,806)
Share of other comprehensive income of associates and jointly-controlled entities				(45,234)	11,536			(33,698)		(33,698)
Total other comprehensive income			(86)	(66,201)	484			(65,803)	(4,228)	(70,031)
Total comprehensive income for the year			(86)	(66,201)	484	268,665		202,862	1,332	204,194

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

Group	Share capital	Capital reserve	Fair value reserve	Currency translation reserve	Hedging reserve	Accumulated profits	Other reserves	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transactions with owners, recorded directly in equity										
Issue of shares through capitalisation of amounts due to holding company and related corporation (Note 14)	3,605,000	-	-	-	-	-	-	3,605,000	-	3,605,000
Share of associate's movement in capital reserve	-	(6,484)	-	-	-	-	-	(6,484)	-	(6,484)
Effects of transfer of entities under common control	-	3,712	-	1,097	-	24,982	(27,621)	2,170	-	2,170
Cost of share-based payments	-	3,573	-	-	-	-	-	3,573	-	3,573
Total contributions by and distributions to owners	3,605,000	801	-	1,097	-	24,982	(27,621)	3,604,259	-	3,604,259
Transfer between reserves	-	328	-	-	-	(328)	-	-	-	-
At December 31, 2009	4,605,000	17,013	9,881	(61,453)	(5,995)	803,216	(27,621)	5,340,041	53,413	5,393,454

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

	Share capital	Capital reserve	Equity compensation reserve	Fair value reserve	Currency translation reserve	Hedging reserve	Accumulated profits	Other reserves	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group											
At January 1, 2010, as reported in Underlying Financial Statements	4,605,000	17,013	-	9,881	(61,453)	(5,995)	922,647	(27,621)	5,459,472	53,413	5,512,885
Effect of change in accounting policy	-	-	-	-	-	-	(119,431)	-	(119,431)	-	(119,431)
At January 1, 2010, as adjusted.	4,605,000	17,013	-	9,881	(61,453)	(5,995)	803,216	(27,621)	5,340,041	53,413	5,393,454
Total comprehensive income for the year	-	-	-	-	-	-	541,337	-	541,337	7,601	548,938
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	-	-	-	-	(36,010)	-	-	-	(36,010)	(1,429)	(37,439)
Effective portion of change in fair value of cash flow hedges	-	-	-	-	-	(344)	-	-	(344)	-	(344)
Change in fair value of available-for-sale investments	-	-	-	25,936	-	-	-	-	25,936	-	25,936
Share of other comprehensive income of associates and jointly-controlled entities.	-	-	-	-	(12,010)	4,122	-	-	(7,888)	-	(7,888)
Total other comprehensive income.	-	-	-	25,936	(48,020)	3,778	-	-	(18,306)	(1,429)	(19,735)
Total comprehensive income for the year.	-	-	-	25,936	(48,020)	3,778	541,337	-	523,031	6,172	529,203

The accompanying notes form an integral part of this financial information.

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
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Group	Share capital		Equity		Currency translation reserve	Hedging reserve	Accumulated profits	Other reserves	Total	
	\$'000	\$'000	Capital reserve	compensation reserve					attributable to owners of the Company	Non-controlling interests
Transactions with owners, recorded directly in equity										
Capital contributions	-	-	-	-	-	-	-	-	126	126
Dividends paid of \$0.01 per share	-	-	-	-	-	-	(38,840)	-	-	(38,840)
Share of associate's movement in capital reserve	-	(2,386)	-	-	-	-	-	-	(2,386)	(2,386)
Cost of share-based payments	-	3,374	3,299	-	-	-	-	-	6,673	6,673
Total contributions by and distributions to owners	-	988	3,299	-	-	-	(38,840)	-	(34,553)	126
Transfer between reserves	-	615	-	-	-	-	(615)	-	-	-
At December 31, 2010	4,605,000	18,616	3,299	35,817	(109,473)	(2,217)	1,305,098	(27,621)	5,828,519	59,711
										5,888,230

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

	Share capital	Capital reserve	Equity compensation reserve	Fair value reserve	Currency translation reserve	Hedging reserve	Accumulated profits	Other reserves	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group	4,605,000	18,616	3,299	35,817	(109,473)	(2,217)	1,305,098	(27,621)	5,828,519	59,711	5,888,230
At January 1, 2011											
Total comprehensive income for the period							214,043		214,043	15,544	229,587
Profit for the period											
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans					(83,670)				(83,670)	(5,261)	(88,931)
Effective portion of change in fair value of cash flow hedges						6			6		6
Change in fair value of available-for-sale investments				18,136					18,136		18,136
Share of other comprehensive income of associates and jointly-controlled entities					(20,736)	9,628			(11,108)		(11,108)
Total other comprehensive income				18,136	(104,406)	9,634			(76,636)	(5,261)	(81,897)
Total comprehensive income for the period				18,136	(104,406)	9,634	214,043		137,407	10,283	147,690

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

APPENDIX I

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
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Group	\$'000	Equity compensation reserve		Fair value reserve	Currency translation reserve	Hedging reserve	Accumulated profits	Other reserves	Total attributable to owners of the Company	Non-controlling interests	Total equity
		Capital reserve	Equity compensation reserve								
Share capital	\$'000										\$'000
Transactions with owners, recorded directly in equity											
Issue of shares	2,514	-	(2,514)	-	-	-	-	-	-	-	-
Dividends paid of \$0.02 per share	-	-	-	-	-	-	(77,702)	-	(77,702)	-	(77,702)
Effects of acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	142,390	142,390
Cost of share-based payments	-	219	2,756	-	-	-	-	-	2,975	-	2,975
Total contributions by and distributions to owners	2,514	219	242	-	-	-	(77,702)	-	(74,727)	142,390	67,663
Transfer between reserves	-	336	-	-	-	-	(336)	-	-	-	-
At June 30, 2011	4,607,514	19,171	3,541	53,953	(213,879)	7,417	1,441,103	(27,621)	5,891,199	212,384	6,103,583

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

4 STATEMENTS OF CHANGES IN EQUITY

*YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30,
2011*

Company	Share capital	Capital reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
At January 1, 2008	50,000	10,872	30,983	91,855
Total comprehensive income for the year				
Profit for the year	–	–	54,411	54,411
Total comprehensive income for the year	–	–	54,411	54,411
Transactions with owners, recorded directly in equity				
Issue of shares through capitalisation of amounts due to related corporation (Note 14)	950,000	–	–	950,000
Cost of share-based payments	–	5,005	–	5,005
Dividends paid of \$0.107 per share	–	–	(59,000)	(59,000)
Total transactions with owners	<u>950,000</u>	<u>5,005</u>	<u>(59,000)</u>	<u>896,005</u>
At December 31, 2008	<u>1,000,000</u>	<u>15,877</u>	<u>26,394</u>	<u>1,042,271</u>
At January 1, 2009	1,000,000	15,877	26,394	1,042,271
Total comprehensive income for the year				
Profit for the year	–	–	57,732	57,732
Total comprehensive income for the year	–	–	<u>57,732</u>	<u>57,732</u>
Transactions with owners, recorded directly in equity				
Issue of shares through capitalisation of amounts due to holding company and related corporation (Note 14)	3,605,000	–	–	3,605,000
Cost of share-based payments	–	3,569	–	3,569
Total transactions with owners	<u>3,605,000</u>	<u>3,569</u>	<u>–</u>	<u>3,608,569</u>
At December 31, 2009	<u>4,605,000</u>	<u>19,446</u>	<u>84,126</u>	<u>4,708,572</u>

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
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Company	Share capital	Capital reserve	Equity compensation reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2010	4,605,000	19,446	–	84,126	4,708,572
Total comprehensive income for the year					
Profit for the year	–	–	–	82,568	82,568
Total comprehensive income for the year	–	–	–	82,568	82,568
Transactions with owners, recorded directly in equity					
Dividends paid of \$0.01 per share . . .	–	–	–	(38,840)	(38,840)
Cost of share-based payments	–	2,426	3,299	–	5,725
Total transactions with owners.	–	2,426	3,299	(38,840)	(33,115)
At December 31, 2010	<u>4,605,000</u>	<u>21,872</u>	<u>3,299</u>	<u>127,854</u>	<u>4,758,025</u>
At January 1, 2011	4,605,000	21,872	3,299	127,854	4,758,025
Total comprehensive income for the period					
Profit for the period	–	–	–	96,983	96,983
Total comprehensive income for the period	–	–	–	96,983	96,983
Transactions with owners, recorded directly in equity					
Issue of shares (Note 14)	2,514	–	(2,251)	–	263
Cost of share-based payments	–	249	2,345	–	2,594
Dividends paid of \$0.02 per share . . .	–	–	–	(77,702)	(77,702)
Total transactions with owners	<u>2,514</u>	<u>249</u>	<u>94</u>	<u>(77,702)</u>	<u>(74,845)</u>
At June 30, 2011	<u><u>4,607,514</u></u>	<u><u>22,121</u></u>	<u><u>3,393</u></u>	<u><u>147,135</u></u>	<u><u>4,780,163</u></u>

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30, 2010
AND 2011 WITH REPORTING ACCOUNTANTS' REPORT THEREON**

5 CONSOLIDATED STATEMENTS OF CASH FLOWS

*YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND SIX MONTHS ENDED JUNE 30,
2010 AND 2011*

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
	(unaudited)				
Operating activities					
Profit after income tax	118,065	274,225	548,938	149,056	229,587
Adjustments for:					
Depreciation of plant and equipment	4,754	6,079	7,206	3,161	3,159
Loss/(Gain) on disposal/write off of plant and equipment	133	77	618	(21)	13
Gain on disposal of subsidiaries and associates	(135)	–	(2,524)	(2,524)	(2,017)
Gain on disposal of available-for- sale investments	(14,461)	(52,806)	–	–	–
Gain on disposal of investment properties	–	–	(10,365)	–	–
Share of results of associates and jointly-controlled entities	(149,645)	(376,742)	(475,884)	(91,901)	(190,364)
Realisation of deferred income . . .	(18,618)	–	–	–	–
Changes in fair value of investment properties and properties under development . .	(50,196)	98,970	(37,375)	(12,416)	(67,566)
Share-based payment expenses . . .	5,530	5,245	8,997	4,789	3,694
Management fees received in units	–	–	(12,376)	(5,682)	(4,183)
Dividend income	(9,861)	(3,674)	–	–	–
Interest income	(13,099)	(25,367)	(26,037)	(10,542)	(12,540)
Interest expense	158,296	111,430	25,603	13,632	16,050
Taxation	29,307	22,693	28,871	12,821	32,003
	60,070	60,130	55,672	60,373	7,836
Changes in working capital:					
Trade and other receivables	(7,209)	(8,593)	55,133	21,754	(2,163)
Trade and other payables (including security deposits) . . .	7,187	57,515	(35,968)	(35,215)	(8,292)
Cash generated from/(used in) operations	60,048	109,052	74,837	46,912	(2,619)
Income tax paid	(4,913)	(6,637)	(19,646)	(10,651)	(13,750)
Net cash flows from/(used in) operating activities	55,135	102,415	55,191	36,261	(16,369)

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
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	Note	Years ended December 31,			Six months ended June 30,	
		2008	2009	2010	2010	2011
		\$'000	\$'000	\$'000	\$'000	\$'000
Investing activities						
Proceeds from disposal of plant and equipment.		298	88	1,287	52	7
Purchase of plant and equipment		(8,894)	(5,026)	(7,711)	(2,417)	(4,357)
Investment in associates and jointly-controlled entities . .		(372,857)	(379,821)	(14,020)	(2,826)	(167,615)
Investment in available-for- sale investments		–	(190,146)	(31,717)	(28,743)	(84,151)
Additions to investment properties and properties under development		(289,244)	(83,553)	(76,676)	(25,887)	(291,855)
Proceeds from divestment of fund management units. . . .		–	–	9,166	9,166	9,440
Deposits and prepayments to acquire investment properties and properties under development		–	–	(83,777)	–	(17,528)
Proceeds from disposal of investment properties		–	–	905,494	–	–
Disposal/(acquisition) of subsidiaries, net of cash disposed/acquired	28	12,324	(13,477)	(74,421)	(74,421)	(247,263)
Proceeds from disposal of available-for-sale investments		60,486	140,640	–	–	–
Interest income received		2,346	5,871	5,246	913	3,898
Dividends received from investee company		9,183	8,948	–	–	–
Dividends received from associates and jointly- controlled entities		71,486	86,653	98,987	49,261	268,362
Proceeds of loans and advances (to)/from associates and jointly- controlled entities		(137,719)	(207,024)	(110,145)	31,337	272,214
Advances and loans from/(to) investee companies		–	123	–	–	(33,523)
Net cash flows (used in)/from investing activities		(652,591)	(636,724)	621,713	(43,565)	(292,371)

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

APPENDIX I

**CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED
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	Note	Years ended December 31,			Six months ended June 30,	
		2008	2009	2010	2010	2011
		\$'000	\$'000	\$'000	\$'000	\$'000
						(unaudited)
Financing activities						
Repayment of loan to former non-controlling interests . . .		-	-	(20,121)	(20,121)	(271)
Contributions from non-controlling interests		-	-	126	125	-
Loans from holding company		12,000	-	-	-	-
Loan advances from/(repayment of loans to) non-controlling interests.		38,250	(72,099)	(124)	(93)	2,621
Loans from related corporations		562,427	846,486	-	-	-
Proceeds from bank loans		38,677	391,573	250,000	150,000	-
Repayment of bank loans		-	(5,452)	(356,210)	(5,494)	(5,392)
Proceeds from issue of debt securities		103,367	-	350,000	-	283,458
Repayment of debt securities		(10,431)	(103,810)	(64,438)	-	-
Refund/(payment) of deposits pledged		103,052	(844)	1,164	-	-
Interest expense paid		(174,930)	(115,252)	(21,679)	(12,840)	(13,957)
Dividends paid		(59,000)	-	(38,840)	(38,840)	(77,702)
Net cash flows from financing activities		<u>613,412</u>	<u>940,602</u>	<u>99,878</u>	<u>72,737</u>	<u>188,757</u>
Net increase/(decrease) in cash and cash equivalents		15,956	406,293	776,782	65,433	(119,983)
Effect of exchange rate changes on cash balances held in foreign currencies		117	(890)	(1,612)	3,693	(6,715)
Cash and cash equivalents at beginning of year/period		<u>121,666</u>	<u>137,739</u>	<u>543,142</u>	<u>543,142</u>	<u>1,318,312</u>
Cash and cash equivalents at end of year/period	13	137,739	543,142	1,318,312	612,268	1,191,614
Deposits pledged at end of year/period		<u>321</u>	<u>1,164</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in balance sheet		<u>138,060</u>	<u>544,306</u>	<u>1,318,312</u>	<u>612,268</u>	<u>1,191,614</u>

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

Significant non-cash transactions

There were the following significant non-cash transactions:

- (i) During 2011, a subsidiary received 1,287,736 units in CapitaRetail China Trust (“CRCT”), amounting to a fair value of \$1.6 million as payment of Manager’s fees for the period from October 1, 2010 to March 31, 2011.
- (ii) During 2011, a subsidiary received 1,381,441 units in CapitaMall Trust (“CMT”), amounting to a fair value of \$2.6 million as payment of Manager’s fees for the period from October 1, 2010 to March 31, 2011.
- (iii) During 2010, a subsidiary received 2,527,219 units in CapitaRetail China Trust (“CRCT”), amounting to a fair value of \$3.1 million as payment of Manager’s fees for the period from November 16, 2009 to September 30, 2010.
- (iv) During 2010, a subsidiary received 4,990,838 units in CapitaMall Trust (“CMT”), amounting to a fair value of \$9.3 million as payment of Manager’s fees for the period from November 16, 2009 to September 30, 2010.
- (v) During 2010, the Group disposed of three investment properties to a related corporation, CapitaMalls Malaysia Trust (“CMMT”), at a consideration of \$889.7 million, which was settled by cash proceeds of \$637.5 million and by way of issuance of 563.5 million units in CMMT to the Group.
- (vi) During 2009, the Company increased its share capital by \$3,605.0 million (2008: \$950.0 million) through the capitalisation of the loans from holding company and a related corporation (Note 14).

The accompanying notes form an integral part of this financial information.

B NOTES TO THE FINANCIAL INFORMATION**1 BASIS OF PREPARATION****(a) Statement of compliance**

The financial information are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

(b) Basis of measurement

The financial information have been prepared on the historical cost basis except as disclosed in the accounting policies below.

(c) Functional and presentation currency

The financial information are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial information in conformity with FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in the following notes:

Note 4 – Valuation of investment properties

Note 5 – Valuation of properties under development

Note 12 – Recoverability of loans and receivables

Note 32 – Valuation of financial instruments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 26 – Utilisation of tax losses

Note 30 – Contingent liabilities

(e) **Changes in accounting policies**

The Group adopted certain new and revised accounting standards and interpretations (including the consequential amendments), which are effective for financial periods beginning on January 1, 2008 onwards as described below.

(i) ***Adoption of INT FRS 115 Agreements for the Construction of Real Estate***

The Group adopted INT FRS 115 *Agreements for the Construction of Real Estate* which clarifies when revenue and related expenses from a sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Contracts which are not classified as construction contracts in accordance with INT FRS 11 *Construction Contracts* can only be accounted for under the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

The Group has certain interests in residential property held through its interest in jointly-controlled entities. Prior to the adoption of INT FRS 115, the Group's accounting policy for all residential property sales was to recognise revenue on percentage of completion method which is an allowed alternative method under Recommended Accounting Practice 11 – *Pre-Completion Contracts For The Sale Of Development Property* ("RAP 11"). RAP 11 has been withdrawn with effect from January 1, 2011 following the adoption of INT FRS 115.

The Group has considered the application of INT FRS 115 and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore, and concluded that whilst the "pre-completion" sale contracts were not, in substance, construction contracts, the legal terms in certain contracts results in the continuous transfer of work in progress to the purchaser. Consequently the Group will continue to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment scheme in Singapore, and hence, for these contracts revenue is recognised as work progresses. For the residential projects in Singapore under the deferred payment scheme and overseas residential projects, if applicable, the construction revenue and expenses will be recognised on the transfer of significant risk and rewards of ownership of properties to customers.

This change in accounting policy has been applied retrospectively and comparative financial information of the Group for the years ended December 31, 2009 and 2010 which has been prepared based on the Underlying Financial Statements has been adjusted so that it is also in conformity with the change in accounting policy as described above. The effects of the adjustment on the Group's financial information are set out below:

	December 31, 2009		December 31, 2010	
	As adjusted \$'000	As reported in Underlying Financial Statements \$'000	As adjusted \$'000	As reported in Underlying Financial Statements \$'000
Consolidated balance sheets				
Non-current assets				
Jointly-controlled entities	675,398	794,829	1,043,656	1,043,656
Consolidated income statements				
Share of results (net of tax) of				
jointly-controlled entities	423,447	542,878	363,060	243,629
Profit for the year	274,225	393,656	548,938	429,507
Profit attributable to owners of the				
Group	268,665	388,096	541,337	421,906
Basic earnings per share (cents)	13.9	20.1	13.9	10.9
Diluted earnings per share (cents) . . .	13.9	20.1	13.9	10.9

This change in accounting policy has no impact on the Company.

(ii) Adoption of Revised FRS 24 Related Party Disclosures

Revised FRS 24 *Related Party Disclosures* modifies the definition of a related party and simplifies disclosures for government-related entities. The Group has adopted the revised standard with effect from January 1, 2011 and there is no material changes in disclosures reported for the current and prior years.

(iii) Adoption of amendments made to FRS 40 Investment Property

Arising from the amendments made to FRS 40 *Investment Property*, effective for annual periods beginning on or after January 1, 2009, any property that is being constructed or developed for future use as investment property will also meet the definition of an investment property. As the Group has adopted the fair value model to measure its investment properties, properties in the course of development will accordingly be fair valued with effect from January 1, 2009, and any change therein recognised in the income statements.

Prior to January 1, 2009, properties under development were carried at cost less accumulated impairment losses until construction or development was completed, at which time they were transferred and accounted for as investment properties.

The effect of the adoption of this amendment to the Group's profit after tax for the year ended December 31, 2009 is a fair value loss on revaluation of property under development, which amounts to approximately \$109.0 million and a decrease of \$5.1 million on the share of results of associates for the year ended December 31, 2009. The adoption of this amendment has no impact on the Company.

(iv) Determination and presentation of operating segments

As of January 1, 2009, the Group determines and presents operating segments based on the information that is provided internally to the management. This change in accounting policy is due to the adoption of FRS 108 *Operating Segments*. Operating segments were previously determined and presented in accordance with FRS 14 *Segment Reporting*. The new accounting policy in respect of operating segment disclosures has no significant effect on comparative segment information. Since the change in accounting policy only impacts the presentation and disclosure aspects, there is no impact on earnings per share.

(v) Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements (2008)*, which became effective as of January 1, 2009. As a result, the Group presents all owner changes in equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statements of comprehensive income.

Comparative information has also been re-presented so that it is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(vi) Accounting for business combination

The Group has applied FRS 103 *Business Combinations (2009)* in its accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see Note 2(a)(i)).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to profit or loss in the period of acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and could be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after January 1, 2010 and has no impact on earnings per share.

(vii) Accounting for acquisitions of non-controlling interests

From January 1, 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements (2009)* in accounting for acquisitions of non-controlling interests. See Note 2(a)(v) for the new accounting policy.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the Relevant Period presented in these financial information, and have been applied consistently by Group entities, except as explained in Note 1(e), which addresses changes in accounting policies.

(a) Basis of consolidation**(i) Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets of the acquiree, at the acquisition date. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

From January 1, 2004 to December 31, 2009, business combinations are accounted for under the purchase method (see Note 1(e)(vi)).

(ii) Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) *Special purpose entities*

The Group has established a number of special purpose entities (“SPE”) for investment purposes. The Group may not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group, and the SPE’s risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs’ management and that result in the Group receiving the majority of the benefits related to the SPEs’ operations and net assets, being exposed to the majority of risks incident to the SPEs’ activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

(iv) *Associates and jointly-controlled entities*

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly-controlled entities (collectively referred to as “equity-accounted investees”) are accounted for using the equity method and are recognised initially at cost. The cost of the investments include transaction costs.

The consolidated financial information include the Group’s share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) *Acquisition of non-controlling interests*

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.

(vi) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) *Accounting for subsidiaries, associates and jointly-controlled entities by the Company*

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company’s balance sheet at cost less accumulated impairment losses.

(b) *Foreign currencies*

(i) *Foreign currency transactions*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”).

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for differences arising from the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation (see (iii) below), or qualifying cash flow hedges, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising from the acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(iii) Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent the hedge is effective, and presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment as follows:

Improvement to premises	– 3 to 5 years
Plant, machinery and other improvements	– 3 to 10 years
Motor vehicles	– 5 years
Furniture, fittings and equipment	– 2 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if necessary, at each reporting date.

(d) Investment properties and properties under development

Investment properties are properties held either to earn rental income or for capital appreciation or both. Properties under development are properties being constructed or developed for future use as investment properties. They are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment properties and properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Rental income from investment properties is accounted for in the manner described in Note 2(1). The fair value is based on internal valuation or independent professional valuation. Independent professional valuation is obtained at least once every three years.

When an investment property or properties under development is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

(e) Financial instruments**(i) *Non-derivative financial instruments***

Non-derivative financial instruments comprise investments in available-for-sale investments, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange differences on available-for-sale monetary items (see Note 2(b)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Investment in equity securities whose fair value cannot be reliably measured are measured at cost less impairment loss.

Others

Subsequent to initial recognition, other non-derivative financial instruments which are categorised as loans and receivables or financial liabilities, are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) *Derivative financial instruments and hedging activities*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and presented in the hedging reserve in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the profit or loss.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(iii) Financial guarantees

Financial guarantee contracts are classified as financial liabilities unless the Group or the Company has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value and classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of (i) the amount that would be recognised if they were accounted for as contingent liabilities; and (ii) the initial fair value less cumulative amortisation. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's or the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(iv) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment, the Group uses historical trends of probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial asset are recognised by reclassifying the losses accumulated in the available-for-sale reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provision attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(f) Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(g) Development properties for sale

Development properties for sale are stated at the lower of cost plus, where appropriate, a portion of the attributable profit, and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) Employee benefits***Short term employee benefits***

All short term employee benefits, including accumulated compensated absences, are recognised in profit or loss in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in profit or loss as incurred.

Share-based payments

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the date of the grant. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised as an expense for the period.

The proceeds received from the exercise of the equity instruments, net of any directly attributable transaction costs, are credited to share capital when the equity instruments are exercised.

(j) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(k) Leases***When entities within the Group are lessees of an operating lease***

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties (see Note 2(d)).

(l) Revenue recognition***Rental income***

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Management and consultancy fee

Management and consultancy fee is recognised in profit or loss as and when services are rendered.

Development properties for sale

The Group recognises income from property development projects when the controls and significant risks and rewards of ownership of the work in progress in its current state have been continuously transferred to the buyer as construction progresses. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method. Under the percentage of completion method, profit is brought into profit or loss only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by the proportion of the construction costs incurred to date to the estimated total construction costs for each project. Depending on the selling conditions associated with each development project, revenue is generally not recognised if the Group provides various guarantees and other financial support to the buyers ("continuing involvement") during the period of property development. Such continuing involvement by the Group would then require revenue to be deferred until the Group's continuing involvement ceases.

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

Dividends

Dividend income is recognised on the date that the Group's right to receive payment is established.

Interest income

Interest income is recognised as it accrues using the effective interest method.

(m) Government grants – Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt. This scheme has ended as of March 2010.

(n) Finance costs

Borrowing costs are recognised in profit or loss using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise awards of performance and restricted shares granted to employees.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ results are reviewed and used by the management for strategic decisions making and resources allocation.

(r) Related parties

For the purposes of these financial information, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3 PLANT AND EQUIPMENT

	Improvement to premises	Plant, machinery and other improvements	Motor vehicles	Furniture, fittings and equipment	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At January 1, 2008	2,214	1,307	478	13,449	17,448
Additions	885	97	–	7,912	8,894
Disposals/write-offs	–	(123)	(160)	(394)	(677)
Disposal of subsidiaries	–	–	–	(137)	(137)
Reclassification	(150)	–	–	150	–
Translation differences on consolidation	246	(4)	61	642	945
At December 31, 2008	<u>3,195</u>	<u>1,277</u>	<u>379</u>	<u>21,622</u>	<u>26,473</u>
At January 1, 2009	3,195	1,277	379	21,622	26,473
Additions	315	25	–	4,686	5,026
Transfer of entities under common control	–	–	117	112	229
Disposals/write-offs	(81)	(157)	(153)	(183)	(574)
Translation differences on consolidation	(220)	–	(31)	(754)	(1,005)
At December 31, 2009	<u>3,209</u>	<u>1,145</u>	<u>312</u>	<u>25,483</u>	<u>30,149</u>

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Group	Improvement to premises	Plant, machinery and other improvements	Motor vehicles	Furniture, fittings and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At January 1, 2010	3,209	1,145	312	25,483	30,149
Additions	1,861	14	–	5,836	7,711
Reclassifications	439	–	–	(439)	–
Disposals/write-offs	(976)	(1,127)	(191)	(3,260)	(5,554)
Translation differences on consolidation	(59)	(1)	(8)	(253)	(321)
At December 31, 2010	<u>4,474</u>	<u>31</u>	<u>113</u>	<u>27,367</u>	<u>31,985</u>
At January 1, 2011	4,474	31	113	27,367	31,985
Additions	1,701	–	9	2,647	4,357
Disposals/write-offs	–	–	–	(393)	(393)
Translation differences on consolidation	(142)	(1)	(5)	(458)	(606)
At June 30, 2011	<u>6,033</u>	<u>30</u>	<u>117</u>	<u>29,163</u>	<u>35,343</u>
Accumulated depreciation					
At January 1, 2008	506	1,017	205	3,618	5,346
Depreciation charge for the year	550	67	85	4,052	4,754
Disposals/write-offs	–	–	(82)	(164)	(246)
Disposal of subsidiaries	–	–	–	(2)	(2)
Reclassification	(42)	–	–	42	–
Translation differences on consolidation	62	–	34	129	225
At December 31, 2008	<u>1,076</u>	<u>1,084</u>	<u>242</u>	<u>7,675</u>	<u>10,077</u>
At January 1, 2009	1,076	1,084	242	7,675	10,077
Depreciation charge for the year	591	64	58	5,366	6,079
Transfer of entities under common control	–	–	48	46	94
Disposals/write-offs	(4)	(158)	(130)	(117)	(409)
Translation differences on consolidation	(83)	–	(23)	(272)	(378)
At December 31, 2009	<u>1,580</u>	<u>990</u>	<u>195</u>	<u>12,698</u>	<u>15,463</u>

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Group	Improvement to premises	Plant, machinery and other improvements	Motor vehicles	Furniture, fittings and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation					
At January 1, 2010	1,580	990	195	12,698	15,463
Depreciation charge for the year	1,540	38	36	5,592	7,206
Disposals/write-offs	(644)	(1,017)	(156)	(1,832)	(3,649)
Translation differences on consolidation	(42)	–	(5)	(185)	(232)
At December 31, 2010	<u>2,434</u>	<u>11</u>	<u>70</u>	<u>16,273</u>	<u>18,788</u>
At January 1, 2011	2,434	11	70	16,273	18,788
Depreciation charge for the period	602	4	11	2,542	3,159
Disposals/write-offs	–	–	–	(373)	(373)
Translation differences on consolidation	(65)	–	(3)	(217)	(285)
At June 30, 2011	<u>2,971</u>	<u>15</u>	<u>78</u>	<u>18,225</u>	<u>21,289</u>
Carrying amount					
At January 1, 2008	<u>1,708</u>	<u>290</u>	<u>273</u>	<u>9,831</u>	<u>12,102</u>
At December 31, 2008	<u>2,119</u>	<u>193</u>	<u>137</u>	<u>13,947</u>	<u>16,396</u>
At December 31, 2009	<u>1,629</u>	<u>155</u>	<u>117</u>	<u>12,785</u>	<u>14,686</u>
At December 31, 2010	<u>2,040</u>	<u>20</u>	<u>43</u>	<u>11,094</u>	<u>13,197</u>
At June 30, 2011	<u>3,062</u>	<u>15</u>	<u>39</u>	<u>10,938</u>	<u>14,054</u>

Company	Furniture, fittings and equipment
	\$'000
Cost	
At January 1, 2008	5,584
Additions	3,875
At December 31, 2008	9,459
At January 1, 2009	9,459
Additions	1,489
At December 31, 2009	10,948
At January 1, 2010	10,948
Additions	2,733
Disposals/write-offs	(71)
At December 31, 2010	13,610
At January 1, 2011	13,610
Additions	1,426
Disposals/write-offs	(172)
At June 30, 2011	14,864
Accumulated depreciation	
At January 1, 2008	1,421
Depreciation charge for the year	2,100
At December 31, 2008	3,521
At January 1, 2009	3,521
Depreciation charge for the year	2,773
At December 31, 2009	6,294
At January 1, 2010	6,294
Depreciation charge for the year	3,091
Disposals/write-offs	(67)
At December 31, 2010	9,318
At January 1, 2011	9,318
Depreciation charge for the period	1,143
Disposals/write-offs	(170)
At June 30, 2011	10,291

Company	Furniture, fittings and equipment \$'000
Carrying amount	
At January 1, 2008	4,163
At December 31, 2008	5,938
At December 31, 2009	4,654
At December 31, 2010	4,292
At June 30, 2011	4,573

4 INVESTMENT PROPERTIES

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
At January 1	1,047,321	1,390,146	1,378,567	304,429
Additions	274,065	23,008	11,074	268,480
Disposals	-	-	(1,147,329)	-
Changes in fair value	50,196	10,015	22,176	21,120
Translation differences	18,564	(44,602)	39,941	(12,365)
At December 31	1,390,146	1,378,567	304,429	581,664

- (a) Investment properties are stated at fair value based on internal valuations or valuations performed by independent professional valuers. All of the properties were independently valued at June 30, 2011 and December 31, 2010, 2009 and 2008. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the direct comparison method, discounted cash flow method and/or capitalisation approach in arriving at the open market value as at the balance sheet date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The discounted cash flow method involves estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of the market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Fair value of the investment properties were based on independent professional valuations carried out by the following valuers on the dates stated below:

Valuers	Valuation Date	Valuation Date	Valuation Date	Valuation Date
DTZ Debenham Tie Leung Limited . .	December 31, 2008	December 31, 2009	December 31, 2010	June 30, 2011
Colliers International Consultancy & Valuation (Singapore) Pte Ltd. . . .	December 31, 2008	December 31, 2009	-	-
PPC International Sdn Bhd	December 31, 2008	December 31, 2009	-	June 30, 2011
Colliers, Jordan Lee & Jaafar Sdn Bhd.	December 31, 2008	-	-	-
CB Richard Ellis (Malaysia) Sdn Bhd.	-	December 31, 2009	-	-
CB Richard Ellis (Pte) Ltd	-	-	December 31, 2010	June 30, 2011

- (b) Investment properties comprise retail properties that are held mainly for use by tenants under operating leases. At June 30, 2011 and December 31, 2010, there is no non-cancellable operating lease commitment. At December 31, 2009 and 2008, most leases contain an initial non-cancellable period of three to six years.
- (c) Contingent rents, representing income based on certain sales achieved by tenants, recognised in profit or loss during the six months ended June 30, 2011 amounted to \$1.7 million (2010: \$4.8 million; 2009: \$4.6 million; 2008: \$4.6 million).
- (d) At June 30, 2011, certain investment properties with carrying value totalling approximately \$581.7 million (2010: \$304.4 million; 2009: \$1,116.6 million; 2008: \$641.8 million) were mortgaged to banks either to secure credit facilities or for the issuance of notes for the Group (Note 16).

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5 PROPERTIES UNDER DEVELOPMENT

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
At January 1	160,192	171,250	127,666	288,848
Additions	31,683	65,401	76,357	28,669
Acquisitions of subsidiaries	–	–	72,100	428,255
Disposal of subsidiaries	(20,625)	–	–	–
Changes in fair value	–	(108,985)	15,199	46,445
Translation differences	–	–	(2,474)	(8,954)
At December 31	<u>171,250</u>	<u>127,666</u>	<u>288,848</u>	<u>783,263</u>

Properties under development are stated at fair value (see also Note 4(a)) based on valuations performed by independent professional valuer, CB Richard Ellis (Pte) Ltd on June 30, 2011 and December 31, 2010, 2009 and 2008. The valuers have considered valuation techniques including the residual land method, in arriving at the market values as at June 30, 2011 and December 31, 2010, 2009 and 2008.

Interest capitalised as cost of properties under development amounted to approximately \$Nil (2010: \$Nil; 2009: \$6.5 million; 2008: \$5.8 million) (Note 24).

6 SUBSIDIARIES

	Note	Company			
		At December 31,			At June 30,
		2008	2009	2010	2011
		\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost		292,979	292,979	302,979	303,242
Loans to subsidiaries					
– Interest-free	(a)	191,190	1,260,030	1,748,870	2,291,549
– Interest-bearing	(b)	–	1,186,901	841,550	542,422
Impairment of net investments in subsidiaries	(c)	–	(27,751)	(46,861)	(111,406)
		<u>484,169</u>	<u>2,712,159</u>	<u>2,846,538</u>	<u>3,025,807</u>

- (a) The interest-free loans to subsidiaries are unsecured. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses.
- (b) The interest-bearing loans to subsidiaries are unsecured, interest bearing at 0.25% (2010: 0.31%; 2009: 0.71%; 2008: Nil%) per annum and are repayable in 2012.
- (c) On the balance sheet date, the Company carried out a review of the recoverable amount of its net investments in subsidiaries which led to the recognition of impairment losses in certain subsidiaries of \$64.5 million (2010: \$19.1 million; 2009: \$27.8 million; 2008: \$Nil) in the profit or loss. Cumulative impairment stood at \$111.4 million (2010: \$46.9 million; 2009: \$27.8 million; 2008: \$Nil). The recoverable amount was estimated based on the higher of the value in use calculated using cash flow projections arising from financial budgets and forecasts covering a period of up to five years, or the fair value of the net assets as at balance sheet date. Cash flows beyond the initial period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations

	At December 31,			At June 30,
	2008	2009	2010	2011
Growth rates	Nil%	5.00 – 6.00%	8.70%	0.10 – 0.20%
Discount rate	Nil%	16.00%	13.74%	5.05 – 6.05%

- (d) Details of the subsidiaries are set out in Note 34.

7 ASSOCIATES

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
(a) Interests in associates	2,746,561	2,999,393	3,119,729	3,264,767

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- (b) The summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group, are as follows:

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Balance sheet				
Total assets	14,630,322	13,676,764	15,936,453	16,845,666
Total liabilities	(5,838,179)	(4,869,989)	(6,217,925)	(6,754,306)
Income statement				
Revenue	741,718	858,372	910,932	368,521
Profit/(Loss) after taxation	518,848	(149,030)	420,358	346,998

- (c) The Group's share of contingent liabilities of the associates is \$3.2 million (2010: \$2.3 million; 2009: \$0.2 million; 2008: \$0.5 million).
- (d) In relation to investments in associates with carrying amount of \$1,982.5 million (2010: \$1,992.9 million; 2009: \$1,664.3 million; 2008: \$1,407.8 million) for which there are published price quotations, the fair value as at June 30, 2011 was \$2,266.8 million (2010: \$2,284.0 million; 2009: \$1,868.3 million; 2008: \$828.0 million).
- (e) Details of the associates are set out in Note 35.

8 JOINTLY-CONTROLLED ENTITIES

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
(a) Cost of investment in jointly-controlled entities	105	848	825	1,289
Share of reserves of jointly-controlled entities	(28,501)	404,550	772,831	652,057
Loan to a jointly-controlled entity	270,000	270,000	270,000	257,539
	<u>241,604</u>	<u>675,398</u>	<u>1,043,656</u>	<u>910,885</u>

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

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities				
Current assets	236,260	313,834	435,089	458,503
Non-current assets	734,022	1,244,013	1,307,072	1,351,226
Total assets	<u>970,282</u>	<u>1,557,847</u>	<u>1,742,161</u>	<u>1,809,729</u>
Current liabilities	(63,219)	(116,585)	(146,111)	(323,468)
Non-current liabilities	(935,459)	(1,035,864)	(822,394)	(832,915)
Total liabilities	<u>(998,678)</u>	<u>(1,152,449)</u>	<u>(968,505)</u>	<u>(1,156,383)</u>
Capital commitments in relation to interests in jointly-controlled entities	<u>–</u>	<u>–</u>	<u>295,833</u>	<u>659,214</u>
Proportionate interest in jointly-controlled entities' capital commitments	<u>147,748</u>	<u>120,841</u>	<u>295,833</u>	<u>659,214</u>
Results				
Revenue	2,284	94,030	682,006	73,784
Changes in fair value of investment property	–	402,031	66,913	35,449
Expenses	(6,749)	(66,633)	(324,793)	(29,956)
(Loss)/Profit before taxation	(4,465)	429,428	424,126	79,277
Taxation	1,467	(5,981)	(61,066)	(7,649)
(Loss)/Profit after taxation	<u>(2,998)</u>	<u>423,447</u>	<u>363,060</u>	<u>71,628</u>

- (c) At June 30, 2011, the loans to the jointly-controlled entities are unsecured, non interest-bearing and have no fixed terms of repayment. The settlements of the loans are neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Group's net investment in the jointly-controlled entities, they are stated at cost.
- (d) At December 31, 2008, 2009 and 2010, the loans to the jointly-controlled entities are unsecured and borne interest at 3.74% per annum with no fixed terms of repayment. The settlements of the loans were neither planned nor likely to have occurred in the foreseeable future. As the amounts were, in substance, a part of the Group's net investment in the jointly-controlled entities, they were stated at cost. The loans were subordinated to the external borrowings of the jointly-controlled entities. The loans were fully recovered in 2011.
- (e) Details of the jointly-controlled entities are set out in Note 36.

9 OTHER INVESTMENTS

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Available-for-sale investments:				
– Quoted	113,071	–	–	–
– Unquoted	–	200,028	378,653	387,519
	<u>113,071</u>	<u>200,028</u>	<u>378,653</u>	<u>387,519</u>

Quoted investment held by the Group as at December 31, 2008 related to the Hong Kong Link REIT which was disposed in 2009.

During the year ended December 31, 2009, the Group acquired a 15% unquoted equity interest in Raffles City China Fund for a consideration of \$190.1 million. During the six months ended June 30, 2011 and the year ended December 31, 2010, the Group injected additional capital of \$31.7 million and \$6.5 million respectively to the fund.

During the year ended December 31, 2010, the Group acquired from a related corporation, an effective 17.1% unquoted equity interest in a company, which owns an investment property, Raffles City Changning for a consideration of \$130.9 million. During the six months ended June 30, 2011, the Group injected additional \$0.1 million to the company.

10 DEFERRED TAXATION

Movements in deferred tax assets and liabilities during the year/period are as follows:

Group	At January 1	Recognised in profit or loss (Note 26)	Acquisition of subsidiaries	Translation differences	At December 31
	\$'000	\$'000	\$'000	\$'000	\$'000
At December 31, 2008					
Deferred tax liabilities					
Accelerated tax					
depreciation	4,087	1,292	–	431	5,810
Investment properties . . .	4,742	13,356	–	1,118	19,216
Total	8,829	14,648	–	1,549	25,026
Deferred tax assets					
Unutilised tax losses . . .	(203)	–	–	–	(203)
At December 31, 2009					
Deferred tax liabilities					
Accelerated tax					
depreciation	5,810	2,749	–	(106)	8,453
Investment properties . . .	19,216	3,615	–	(1,219)	21,612
Total	25,026	6,364	–	(1,325)	30,065
Deferred tax assets					
Unutilised tax losses . . .	(203)	–	–	–	(203)
At December 31, 2010					
Deferred tax liabilities					
Accelerated tax					
depreciation	8,453	3,983	–	(448)	11,988
Investment properties . . .	21,612	(3,202)	2,992	(269)	21,133
Total	30,065	781	2,992	(717)	33,121
Deferred tax assets					
Unutilised tax losses . . .	(203)	–	–	–	(203)
At June 30, 2011					
Deferred tax liabilities					
Accelerated tax					
depreciation	11,988	993	–	(725)	12,256
Investment properties . . .	21,133	15,097	–	(973)	35,257
Total	33,121	16,090	–	(1,698)	47,513
Deferred tax assets					
Unutilised tax losses . . .	(203)	–	–	–	(203)

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Company	Recognised		Recognised		Recognised		Recognised		At June 30, 2011
	At January 1, 2008	in profit or loss (Note 26)	At December 31, 2008	in profit or loss (Note 26)	At December 31, 2009	in profit or loss (Note 26)	At December 31, 2010	in profit or loss (Note 26)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liability									
Accelerated tax depreciation	681	-	681	(458)	223	116	339	230	569

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

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Tax losses	44,192	63,600	69,224	88,360

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

11 OTHER ASSETS

	Group				Company			
	At December 31,			At	At December 31,			At
	2008	2009	2010	June 30,	2008	2009	2010	June 30,
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loan receivable	-	4	16,627	33,523	-	4	-	-
Others	1,338	726	242	-	127	-	-	-
	<u>1,338</u>	<u>730</u>	<u>16,869</u>	<u>33,523</u>	<u>127</u>	<u>4</u>	<u>-</u>	<u>-</u>

At June 30, 2011 and December 31, 2010, the loan receivable relates to an unsecured and interest-free loan with no fixed terms to an investee company. The amount is in substance, a part of the Group's net investment in an available-for-sale investment which is stated at cost.

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12 TRADE AND OTHER RECEIVABLES

	Group				Company			
	At December 31,			At June 30,	At December 31,			At June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	15,068	25,506	25,394	27,330	427	33	33	31
Allowance for doubtful receivables	(1,128)	(597)	(736)	(423)	-	-	-	-
Net trade receivables	13,940	24,909	24,658	26,907	427	33	33	31
Amount due from holding company (trade)	1	2	-	31	-	-	-	-
Amounts due from subsidiaries:								
- trade	-	-	-	-	18,774	21,576	30,854	38,526
- non-trade (interest-free) . . .	-	-	-	-	768,444	1,582,840	1,394,126	1,428,021
- non-trade (interest-bearing) .	-	-	-	-	1,103	228,576	734,716	529,532
Amounts due from related corporations:								
- trade	3,426	2,604	745	723	836	400	317	319
- loan account (interest-free) .	-	1,139	-	-	-	-	-	-
Amounts due from associates:								
- trade	35,824	69,613	19,937	14,589	2	2	3	13
- non-trade (interest-free) . . .	43,768	9,929	3,694	584	-	-	-	-
- loan account (interest-free) .	38,146	39,896	5,787	1,359	-	-	-	-
- loan account (interest-bearing)	125,976	236,955	177,573	98,106	-	-	-	-
Amounts due from a jointly- controlled entity:								
- trade	11,751	7,489	720	2,190	451	206	532	2,109
- non-trade (interest-free) . . .	26,124	36,141	46,010	-	-	-	-	-
- loan account (interest-free) .	-	-	117,355	9,451	-	-	-	-
Deposits	5,397	2,881	68,420	3,516	-	-	350	320
Other receivables	11,076	3,740	12,436	3,392	1,106	867	829	425
	301,489	410,389	452,677	133,941	790,716	1,834,467	2,161,727	1,999,265
Allowance for doubtful receivables	(9,700)	(203)	(394)	(352)	-	-	-	-
Loans and receivables	305,729	435,095	476,941	160,496	791,143	1,834,500	2,161,760	1,999,296
Prepayments	943	918	21,340	49,863	2	2	3	240
	306,672	436,013	498,281	210,359	791,145	1,834,502	2,161,763	1,999,536

All non-trade balances are unsecured and repayable on demand.

At balance sheet date, deposits of \$Nil (2010: \$65.2 million; 2009: \$Nil; 2008: \$Nil) were paid to acquire investments in subsidiaries and investment properties. Prepayments include \$44.5 million (2010: \$18.6 million; 2009: \$Nil; 2008: \$Nil) relating to progress payments for properties under development.

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The effective interest rate at balance sheet date of interest-bearing loans in the Group to associates is 7.02% (2010: 5.83%; 2009: 5.50% to 8.38%; 2008: 8.13%) per annum. The effective interest rates at balance sheet date of interest-bearing loans in the Company to subsidiaries range from 0.20% to 0.21% (2010: 0.18% to 0.19%; 2009: 0.71%; 2008: 3.74%) per annum.

- (a) The maximum exposure to credit risk for loans and receivables at the reporting date (by country) is:

	At December 31,						At June 30,	
	2008	2008	2009	2009	2010	2010	2011	2011
	Allowance for doubtful receivables		Allowance for doubtful receivables		Allowance for doubtful receivables		Allowance for doubtful receivables	
	Gross		Gross		Gross		Gross	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Singapore . . .	44,035	(782)	59,556	(299)	192,084	(144)	30,059	(140)
China	264,805	(10,039)	365,756	(248)	239,345	(50)	119,109	(48)
Malaysia . . .	4,290	(7)	4,333	(253)	40,373	(936)	6,123	(587)
Japan	3,265	-	4,304	-	4,754	-	2,869	-
India	162	-	1,920	-	1,489	-	3,085	-
Vietnam	-	-	26	-	26	-	26	-
	<u>316,557</u>	<u>(10,828)</u>	<u>435,895</u>	<u>(800)</u>	<u>478,071</u>	<u>(1,130)</u>	<u>161,271</u>	<u>(775)</u>
Company								
Singapore . . .	121,046	-	411,494	-	1,247,112	-	1,338,553	-
China	609,016	-	955,947	-	857,473	-	600,571	-
Malaysia . . .	37,815	-	434,384	-	23,003	-	24,128	-
India	21,513	-	28,037	-	29,390	-	30,796	-
Japan	1,656	-	4,612	-	4,709	-	5,222	-
Hong Kong . .	97	-	-	-	47	-	-	-
Vietnam	-	-	26	-	26	-	26	-
	<u>791,143</u>	<u>-</u>	<u>1,834,500</u>	<u>-</u>	<u>2,161,760</u>	<u>-</u>	<u>1,999,296</u>	<u>-</u>

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(b) The ageing of loans and receivables at the reporting date is:

	At December 31,						At June 30,	
	2008	2008	2009	2009	2010	2010	2011	2011
	Gross	Allowance for doubtful receivables	Gross	Allowance for doubtful receivables	Gross	Allowance for doubtful receivables	Gross	Allowance for doubtful receivables
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Not past due	177,178	(903)	343,787	-	448,779	-	139,922	-
Past due								
1 – 30 days	44,457	(55)	12,236	-	13,530	(14)	8,519	-
Past due								
31 – 90 days	18,940	-	9,670	-	6,854	(102)	4,972	-
Past due more than 90 days	75,982	(9,870)	70,202	(800)	8,908	(1,014)	7,858	(775)
	<u>316,557</u>	<u>(10,828)</u>	<u>435,895</u>	<u>(800)</u>	<u>478,071</u>	<u>(1,130)</u>	<u>161,271</u>	<u>(775)</u>
Company								
Not past due	785,098	-	1,822,765	-	2,143,006	-	1,968,952	-
Past due								
1 – 30 days	3,759	-	2,405	-	5,616	-	8,362	-
Past due								
31 – 90 days	770	-	3,920	-	2,661	-	14,561	-
Past due more than 90 days	1,516	-	5,410	-	10,477	-	7,421	-
	<u>791,143</u>	<u>-</u>	<u>1,834,500</u>	<u>-</u>	<u>2,161,760</u>	<u>-</u>	<u>1,999,296</u>	<u>-</u>

The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. The Group believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables, based on historical payment behaviours and the security deposits held.

The majority of the trade receivables are mainly from tenants that have good credit records with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

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- (c) The movement in allowances for doubtful debts in respect of loans and receivables during the year is as follows:

	Group				Company			
	At December 31,			At	At December 31,			At
	2008	2009	2010	June 30,	2008	2009	2010	June 30,
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1	1,035	10,828	800	1,130	-	-	-	-
Provision made/ (reversed) during the year	9,748	(10,009)	331	(297)	-	-	-	-
Translation differences	45	(19)	(1)	(58)	-	-	-	-
At December 31	<u>10,828</u>	<u>800</u>	<u>1,130</u>	<u>775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13 CASH AND CASH EQUIVALENTS

	Group				Company			
	At December 31,			At	At December 31,			At
	2008	2009	2010	June 30,	2008	2009	2010	June 30,
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed deposits with financial institutions	45,575	378,220	624,315	795,011	-	320,000	-	-
Cash at banks	92,485	166,086	693,997	396,603	5,624	35,415	927	921
Cash and cash equivalents	138,060	544,306	1,318,312	1,191,614	<u>5,624</u>	<u>355,415</u>	<u>927</u>	<u>921</u>
Deposits pledged	(321)	(1,164)	-	-				
Cash and cash equivalents in the consolidated statements of cash flows	<u>137,739</u>	<u>543,142</u>	<u>1,318,312</u>	<u>1,191,614</u>				

Deposits pledged represent bank balances of certain subsidiaries that are pledged as security to obtain credit facilities.

The effective interest rates relating to fixed deposits with financial institutions, excluding bank overdrafts, at the balance sheet date for the Group and Company range from 0.01% to 3.10% (2010: 0.22% to 2.85%; 2009: 0.06% to 3.20%; 2008: 0.33% to 3.55%) and Nil% (2010: Nil%; 2009: 0.06% to 0.15%; 2008: 0.06% to 1.75%) per annum respectively.

14 SHARE CAPITAL

	Company			
	At December 31,			At June 30,
	2008	2009	2010	2011
	No. of shares	No. of shares	No. of shares	No. of shares
	'000	'000	'000	'000
Fully paid ordinary shares, with no par value:				
At January 1	50,000	1,000,000	3,884,000	3,884,000
Issue of shares	950,000	2,884,000	–	–
Issue of shares under Share Plans . . .	–	–	–	1,082
At December 31/June 30	<u>1,000,000</u>	<u>3,884,000</u>	<u>3,884,000</u>	<u>3,885,082</u>

During the year ended December 31, 2009 and 2008, the Company issued 2,884 million and 950 million ordinary shares arising from the capitalisation of certain loans from the holding company and a related corporation amounting to \$3,605 million and \$950 million respectively.

In 2011, 1,082,000 shares were issued under the Share Plans as detailed in Note 21.

Capital management

The Group's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Gross borrowings	3,003,067	502,893	699,952	972,119
Cash and cash equivalents	(138,060)	(544,306)	(1,318,312)	(1,191,614)
Net debt/(cash)	<u>2,865,007</u>	<u>(41,413)</u>	<u>(618,360)</u>	<u>(219,495)</u>
Total equity	<u>1,585,001</u>	<u>5,393,454</u>	<u>5,888,230</u>	<u>6,103,583</u>
Net debt to equity ratio	<u>1.81</u>	<u>n/m</u>	<u>n/m</u>	<u>n/m</u>

n/m: not meaningful

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the Relevant Period.

Three of the subsidiaries in the Group are required to maintain certain minimum base capital and financial resources, or shareholders' funds as they are holders of Capital Markets Services license registered under the Monetary Authority of Singapore or the Securities Commission of Malaysia to conduct the regulated activity of Real Estate Investment Trust management. These subsidiaries have complied with the applicable requirements throughout the year/period.

The Company and its other subsidiaries are not subject to externally imposed capital requirements.

15 RESERVES

	Group				Company			
	At December 31,		At June 30,		At December 31,		At June 30,	
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital reserve	15,884	17,013	18,616	19,171	15,877	19,446	21,872	22,121
Equity compensation reserve	-	-	3,299	3,541	-	-	3,299	3,393
Fair value reserve . . .	9,967	9,881	35,817	53,953	-	-	-	-
Currency translation reserve	3,651	(61,453)	(109,473)	(213,879)	-	-	-	-
Hedging reserve	(6,479)	(5,995)	(2,217)	7,417	-	-	-	-
Accumulated profits . .	509,897	803,216	1,305,098	1,441,103	26,394	84,126	127,854	147,135
Other reserves	-	(27,621)	(27,621)	(27,621)	-	-	-	-
	<u>532,920</u>	<u>735,041</u>	<u>1,223,519</u>	<u>1,283,685</u>	<u>42,271</u>	<u>103,572</u>	<u>153,025</u>	<u>172,649</u>

The capital reserve comprises mainly the share of a subsidiary's capital reserve and the cumulative value of employee services received for the issue of the holding company's share options and shares under CapitaLand Limited's Performance Share Plan and Restricted Stock Plan.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the shares under the Company's Performance Share Plan and Restricted Stock Plan.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities, as well as from the translation of foreign currency loans used to hedge the Group's net investment in net foreign entities.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

On October 30, 2009, the Group entered into corporate reorganisation agreements with its related corporations, where certain common control companies were transferred on November 16, 2009 to the Group from the Company's related corporations. Other reserves pertain to pre-acquisition reserves of those common control entities transferred to the Group as part of the corporate reorganisation.

16 LOANS AND BORROWINGS

Note	Group				Company			
	At December 31,			At June 30,	At December 31,			At June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities								
Secured bank loans (i)	60,623	430,738	90,215	80,200	-	-	-	-
Unsecured bank loans . . . (i)	-	-	248,140	98,877	-	-	-	-
Secured notes (ii)	62,139	-	-	81,258	-	-	-	-
Unsecured notes (ii)	-	-	349,337	349,381	-	-	-	-
Unsecured retail bonds . . . (iii)	-	-	-	124,792	-	-	-	-
Loans from a related corporation	1,525,390	-	-	-	-	-	-	-
	<u>1,648,152</u>	<u>430,738</u>	<u>687,692</u>	<u>734,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities								
Secured bank loans (i)	4,575	11,379	12,260	12,847	-	-	-	-
Unsecured bank loans . . . (i)	-	-	-	149,797	-	-	-	-
Secured notes (ii)	103,810	60,776	-	-	-	-	-	-
Unsecured retail bonds . . . (iii)	-	-	-	74,967	-	-	-	-
Loans from a related corporation	1,234,530	-	-	-	-	-	-	-
Loan from holding company	12,000	-	-	-	12,000	-	-	-
	<u>1,354,915</u>	<u>72,155</u>	<u>12,260</u>	<u>237,611</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total loans and borrowings	<u>3,003,067</u>	<u>502,893</u>	<u>699,952</u>	<u>972,119</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

At December 31, 2008, the loans from a related corporation and holding company were unsecured and borne interests ranging from 1.33% to 5.90% and 1.00% per annum, respectively. During the year ended December 31, 2009, the Company increased its share capital by \$3,605.0 million (2008: \$950.0 million) through the capitalisation of these loans from the holding company and a related corporation (refer to Note 14). Such unsecured loans from related corporation and holding company were deemed fully settled upon the capitalisation.

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(i) Secured and unsecured bank loans

Repayable:

	Group				Company			
	At December 31,			At June 30,	At December 31,			At June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	4,575	11,379	12,260	162,644	-	-	-	-
From 1 to 2 years . . .	10,763	338,460	163,173	112,391	-	-	-	-
From 2 to 5 years . . .	28,311	44,196	140,950	39,508	-	-	-	-
After 5 years	21,549	48,082	34,232	27,178	-	-	-	-
After 1 year	60,623	430,738	338,355	179,077	-	-	-	-
	65,198	442,117	350,615	341,721	-	-	-	-

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of \$581.7 million (2010: \$304.4 million; 2009: \$626.2 million; 2008: \$157.6 million) (Note 4(d)).

At June 30, 2011, the effective interest rates for bank borrowings range from 1.39% to 6.80% (2010: 1.43% to 6.40%; 2009: 3.68% to 5.94%; 2008: 5.51% to 7.04%) per annum.

(ii) Secured and unsecured notes

Repayable:

	Group				Company			
	At December 31,			At June 30,	At December 31,			At June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	103,810	60,776	-	-	-	-	-	-
From 2 to 5 years . . .	62,139	-	-	81,258	-	-	-	-
After 5 years	-	-	349,337	349,381	-	-	-	-
After 1 year	62,139	-	349,337	430,639	-	-	-	-
	165,949	60,776	349,337	430,639	-	-	-	-

The secured notes outstanding at June 30, 2011 pertain to fixed rate notes issued by a subsidiary, Special Coral Sdn Bhd in 2011 and were fully secured by mortgages on the investment property amounting to \$271.3 million owned by this subsidiary.

The secured notes outstanding at December 31, 2009 relate to fixed rate notes issued by two subsidiaries, Mutual Streams Sdn. Bhd. and Vast Winners Sdn. Bhd. and were fully secured by mortgages on the investment properties amounting to \$490.4 million (2008: \$484.2 million) owned by these subsidiaries (Note 4(d)). During the year ended December 31, 2010, these notes were redeemed, subsequent to the disposal of the pledged investment properties to an associate.

The unsecured notes pertain to fixed rate notes issued by a subsidiary, CapitaMalls Asia Treasury Limited during 2010.

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The effective interest rates for secured notes at the balance sheet date range from 4.00% to 4.50% (2010: Nil%; 2009: 4.60% to 5.10%; 2008: 4.28% to 5.50%) per annum.

The effective interest rate for unsecured notes at the balance sheet date is 3.95% (2010: 3.95%; 2009: Nil%; 2008: Nil%) per annum.

(iii) Unsecured retail bonds

Repayable:

	Group				Company			
	At December 31,			At June 30,	At December 31,			At June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	-	-	-	74,967	-	-	-	-
From 2 to 5 years	-	-	-	124,792	-	-	-	-
After 1 year	-	-	-	124,792	-	-	-	-
	-	-	-	199,759	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In 2011, a subsidiary, CapitaMalls Asia Treasury Limited issued one-year and three-year retail bonds bearing interest of 1.00% and 2.15% per annum respectively.

(iv) Intra-group financial guarantee

Intra-group financial guarantee comprises guarantees of \$800.0 million (2010: \$600.0 million; 2009: \$Nil; 2008: \$Nil) granted by the Company to financial institutions in respect of banking facilities granted to a wholly-owned subsidiary. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

17 OTHER NON-CURRENT LIABILITIES

	Group				Company			
	At December 31,			At June 30,	At December 31,			At June 30,
	2008	2009	2010	2011	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Security deposits	25,901	23,105	5,950	8,831	-	-	-	-
Other payables	349	740	1,082	582	349	705	1,022	274
Interest rate swaps	-	-	344	-	-	-	-	-
	26,250	23,845	7,376	9,413	349	705	1,022	274
	<u>26,250</u>	<u>23,845</u>	<u>7,376</u>	<u>9,413</u>	<u>349</u>	<u>705</u>	<u>1,022</u>	<u>274</u>

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18 TRADE AND OTHER PAYABLES

	Note	Group				Company			
		At December 31,		At June 30,		At December 31,		At June 30,	
		2008	2009	2010	2011	2008	2009	2010	2011
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables		16,562	28,637	34,200	24,776	468	586	686	2,434
Accruals	19	42,373	38,271	62,608	61,951	3,125	2,943	3,434	1,854
Advance payments received . .		1,358	5,289	3,968	2,329	-	-	-	-
Rental and tender deposits . .		11,249	13,878	3,213	6,107	1	1	-	-
Other payables	20	12,104	34,516	10,712	7,979	-	606	93	93
Liability for employee benefits		13,598	24,954	26,492	18,539	13,529	14,823	18,869	11,620
Interest rate swaps		-	-	-	338	-	-	-	-
Amounts due to holding company:									
- trade		7,167	1,242	6,074	8,230	7,167	1,242	6,074	8,230
- loan (interest-free)		5	-	-	-	5	-	-	-
Amounts due to related corporations:									
- trade		2,642	731	267	207	1,775	449	269	207
- interest payable		14,017	3,123	-	-	16,000	-	-	-
- non-trade (interest-free) . .		-	4,927	147,501	51,706	-	-	-	-
Amounts due to subsidiaries:									
- trade		-	-	-	-	13,047	1,706	16	-
- non-trade (interest-free) . .		-	-	-	-	176,515	174,808	224,628	225,328
Amounts due to associates:									
- trade		1,792	1,414	84	16	-	-	-	-
- non-trade (interest-free) . .		153,189	141,654	6	7	-	-	-	-
- non-trade (interest-bearing)		104,206	78,638	-	-	-	-	-	-
Amounts due to jointly controlled entity:									
- non-trade (interest-free) . .		-	86	-	-	-	-	-	-
- non-trade (interest-bearing)		-	-	-	550	-	-	-	-
Amounts due to non-controlling interests:									
- non-trade (interest-free) . .		9,985	59	73	-	-	-	-	-
- loan (interest-bearing)		63,486	203	198	-	-	-	-	-
- loan (interest-free)		-	-	-	2,620	-	-	-	-
		<u>453,733</u>	<u>377,622</u>	<u>295,396</u>	<u>185,355</u>	<u>231,632</u>	<u>197,164</u>	<u>254,069</u>	<u>249,766</u>

All non-trade and loan balances are unsecured and repayable on demand. At balance sheet date, the effective interest rate of interest-bearing balances is 0.20% (2010: 8.50%; 2009: 4.86% to 8.50%; 2008: 7.00% to 8.50%) per annum.

At June 30, 2011 and December 31, 2010, the non-trade amounts due to related corporations include the purchase consideration for the acquisition of 17.1% equity interest in an unquoted investment of \$0.1 million and \$130.9 million respectively (Note 9).

19 ACCRUALS

Accruals include accrued operating and development expenditure, accrued interest payable and accrued plant and equipment purchases.

20 OTHER PAYABLES

Other payables relate principally to retention sums and advance payments received. At December 31, 2009, other payables include an amount due to former non-controlling interests of \$16.0 million which bears interests of 7.00% to 8.50% per annum. The amount was repaid during 2010.

21 EQUITY COMPENSATION BENEFITS

CMA Share Plan

The Company, currently has share-based incentive plans, comprising the Performance Share Plan and the Restricted Stock Plan (collectively, referred to as the "CMA Share Plans"), whereby performance shares have been conditionally awarded to the employees of the Company. The Share Plans are administered by the Company's Executive Resource and Compensation Committee ("CMA ERCC") comprising Dr Loo Choon Yong, Mr Liew Mun Leong and Mr Sunil Tissa Amarasuriya.

Performance Share Plan

This relates to compensation costs of the Company's Performance Share Plan reflecting the benefits accruing to the employees of the Company over the service period to which the performance criteria relate. The Company granted awards to shares under the Performance Share Plan with effect from 2010.

Movements in the number of shares outstanding under the Performance Share Plan are summarised below:

	2010	2011
	('000)	('000)
At January 1	–	872
Granted	872	1,326
At December 31/June 30	<u>872</u>	<u>2,198</u>

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

The fair values of the shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	At December 31, 2010	At June 30, 2011
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$1.88	\$1.19
Expected volatility based on average of peers' 36 months closing share prices prior to grant date	36.38%	25.70%
MSCI AC Asia ex-Japan Real Estate Index annualised volatility based on 36 months prior to grant date	26.06%	26.92%
Share price at grant date	\$2.34	\$1.77
Risk-free interest rate equal to the implied yield on zero- coupon Singapore Government bond with a term equal to the length of vesting period	0.67%	0.44%
Expected dividend yield over 12 months volume-weighted average share price prior to the grant date	0.71%	1.15%
Correlation of return between MSCI AC Asia ex-Japan Real Estate Index and the peers' share price measured over 36 months prior to the grant date	68.21%	69.36%

Restricted Stock Plan – Equity-settled/Cash-settled

This relates to compensation costs of the Company's Restricted Stock Plan reflecting the benefits accruing to the employees of the Company over the service period to which the performance criteria relate. The Company granted awards of shares under the Restricted Stock Plan with effect from 2010.

The Company has instituted a set of share ownership guidelines for senior management who received shares under the Restricted Stock Plan. Under these guidelines, members of the senior management team are required to retain a portion of the total number of the Company's shares acquired through the Restricted Stock Plan which will vary according to their job grades and base salaries.

Movements in the number of shares outstanding based on awards granted under the Restricted Stock Plan are summarised below:

	2010	2011
	('000)	('000)
At January 1	–	4,117
Granted	4,634	6,037
Lapsed/Cancelled	(517)	(243)
Released	–	(1,520)
At December 31/June 30**	<u>4,117</u>	<u>8,391</u>

** As at December 31, 2010, the number of shares awarded and outstanding was 4,117,000, of which 1,210,000 were to be cash-settled. As at 30 June, 2011, the number of shares awarded and outstanding was 8,391, 000 of which 2,493,000 were to be cash-settled.

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At the balance sheet dates, the number of shares comprised in awards granted under the Restricted Stock Plan is as follows:

	At December 31, 2010		At June 30, 2011	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
	('000)	('000)	('000)	('000)
Final number of shares has not been determined (baseline award)#	2,907	1,210	3,839	1,657
Final number of shares has been determined but not released	–	–	2,060	836

The final number of shares released could range from 0% to 150% of the baseline award.

The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The shares have a vesting schedule of two to three years. Recipient can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost. The award to non-executive directors will be time-based with no performance conditions and will be released over a vesting period of two years.

Cash-settled awards of shares are measured at their current fair value at each balance sheet date.

The fair values of the equity-settled award of shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	At December 31, 2010	At June 30, 2011
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.30	\$1.69
Expected volatility based on average of peers' 36 months closing share prices prior to grant date	36.38%	25.70%
Share price at grant date	\$2.34	\$1.72
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.38% to 0.67%	0.32% to 0.45%
Expected dividend yield over 12 months volume-weighted average share price prior to the grant date	0.71%	1.14%

CapitaLand Share Plans

The Company's holding company, CapitaLand Limited ("CapitaLand"), has share-based incentive plans such as the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan (collectively, referred to as the "CL Existing Share Plans") which were approved and adopted by the shareholders of CapitaLand at an Extraordinary General Meeting ("EGM") held on November 16, 2000.

A new CapitaLand PSP 2010 and CapitaLand RSP 2010 (together, the “CL New Share Plans”) were approved by the shareholders of CapitaLand at the EGM held on April 16, 2010. These new plans are intended to replace the CapitaLand Performance Share Plan and CapitaLand Restricted Stock Plan under the CL Existing Share Plans. CapitaLand did not extend the duration of, or replace, the existing CapitaLand Share Option Plan. The CL Existing Share Plans were terminated following the adoption of the CL New Share Plans. However, all awards granted under the CL Existing Share Plans prior to its termination will continue to be valid and be subject to the terms and conditions of the CL Existing Share Plans.

The above CapitaLand share plans are administered by CapitaLand’s Executive Resource and Compensation Committee (“CL ERCC”) comprising Mr Peter Seah Lim Huat, Mr Ng Kee Choe and Mr Simon Claude Israel.

Share Option Plan

CapitaLand Limited ceased to grant options under the Share Option Plan with effect from 2007. Statutory information regarding the Share Option Plan is set out below:

- (i) The exercise price of the options is set either at:
- A price equal to the volume-weighted average price on the SGX-ST over the three consecutive trading days immediately preceding the grant of the option (“Market Price”), or such higher price as may be determined by the CL ERCC in its absolute discretion; or
 - A discount not exceeding 20% of the Market Price in respect of that option.
- (ii) The options vest between one year to four years from the grant date.
- (iii) The options granted expire after five or 10 years from the dates of the grant.

Movements in the number of outstanding CapitaLand options and their related weighted average exercise prices are as follows:

	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options
	2008	2008	2009	2009
	\$	('000)	\$	('000)
At January 1	3.06	4,759	3.19	3,324
Effects of transfer of entities under common control	–	–	3.19	638
Addition arising from modification . .	–	–	2.79	753
Forfeited/Expired	3.58	(214)	3.21	(190)
Exercised	2.61	(1,221)	2.21	(699)
At December 31	3.19	3,324	2.86	3,826
Exercisable on December 31	2.76	1,243	3.20	1,735

	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options
	2010	2010	2011	2011
	\$	('000)	\$	('000)
At January 1	2.86	3,826	2.74	2,442
Forfeited/Expired	3.45	(110)	3.83	(8)
Exercised	2.89	(1,274)	2.00	(104)
At December 31/June 30	2.74	2,442	2.76	2,330
Exercisable on December 31/June 30 .	2.74	2,442	2.76	2,330

Options exercised during the six months ended June 30, 2011 resulted in 104,000 (2010: 1,274,000; 2009: 699,000; 2008: 1,221,000) shares being issued at a weighted average market price of \$3.23 (2010: \$3.87; 2009: \$3.52; 2008: \$6.12) each. Options were exercised on a regular basis throughout the year/period. The weighted average share price during the six months ended June 30, 2011 was \$3.32 (2010: \$3.88; 2009: \$3.14; 2008: \$4.66).

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The fair value of the options granted is measured based on Enhanced Trinomial (Hull and White) valuation model.

The share price is based on volume-weighted average share price for 3 consecutive trading days prior to the grant date. The expected volatility is based on the historic volatility and calculated based on 36 months prior to the date of grant. The Company uses 10 (or 5) years risk-free rate for options with a 10 (or 5) years contractual term. Expected dividend yield is based on expected dividend payout over the 1-year volume-weighted average share price prior to the grant date. Pre-vesting forfeiture rates and post-vesting forfeiture rates are based on historical option forfeiture and employee turnover rates. Exercise multiple is estimated based on historical employee exercise behaviour.

The Modification Exercise in the Share Option Plan

CapitaLand paid a special dividend of \$0.05 per issued ordinary share for the financial year ended December 31, 2009. In accordance with CapitaLand's Share Option Plan, when CapitaLand declares a special dividend (whether in cash or in specie), the CL ERCC may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that an option holder will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable.

On April 30, 2010, adjustments to the terms of the unexercised options were made (based on the ex-rights date of April 26, 2010, and hereby also known as "modification date") in a manner such that the option holder will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of options was calculated using the Enhanced Trinomial (Hull and White) option valuation model.

Exercise prices of the unexercised options were adjusted lower by \$0.05 and \$0.10 per option to reflect the special dividend paid. No adjustments were made to the vesting and exercise periods of the options.

No incremental fair value of options was recognised as a result of the modification exercise and the significant inputs into the Enhanced Trinomial (Hull and White) valuation model were:

- Share price of \$3.94, based on volume-weighted average share price for three consecutive trading days prior to the modification date;
- The volatility measured at the standard deviation of expected share price returns of 32.64%, based on 36 months closing share price prior to the modification date;
- Risk-free interest rate ranging from 0.43% to 2.13% per annum that matches the remaining life of the award. This is based on the zero-coupon Singapore Government bond yield on modification date for awards matching tenure contractual life; and
- Dividend yield of 1.46% based on expected dividend over one-year volume-weighted average share price prior to the modification date.

Options outstanding at the balance sheet dates are summarised below:

Range of Exercise Price		Options outstanding at December 31, 2008		Options outstanding at December 31, 2009		Options outstanding at December 31, 2010		Options outstanding at June 30, 2011	
Pre-Modification Exercise Price	Post-Modification Exercise Price	at December 31, 2008	Weighted average contractual life	at December 31, 2009	Weighted average contractual life	at December 31, 2010	Weighted average contractual life	at June 30, 2011	Weighted average contractual life
		('000)	(years)	('000)	(years)	('000)	(years)	('000)	(years)
\$0.35 to \$0.49	\$0.30 to \$0.44	–	–	51	3.18	49	2.18	49	1.68
\$0.50 to \$0.55	\$0.45 to \$0.50	51	4.18	177	3.84	154	2.81	154	2.32
\$0.97 to \$1.02	\$0.50 to \$0.55	180	4.85	–	–	–	–	–	–
\$0.56 to \$1.14	\$0.51 to \$1.09	50	5.66	34	4.66	19	3.66	15	3.16
\$1.15 to \$1.48	\$1.10 to \$1.43	53	2.44	48	1.28	34	0.46	–	–
\$1.49 to \$2.22	\$1.44 to \$2.16	750	6.19	611	5.19	384	4.18	355	3.69
\$2.23 to \$4.20	\$2.17 to \$4.10	2,240	7.19	2,905	6.19	1,802	5.20	1,757	4.70
		<u>3,324</u>		<u>3,826</u>		<u>2,442</u>		<u>2,330</u>	

Performance Share Plan

This relates to compensation costs of the holding company's Performance Share Plan reflecting the benefits accruing to the employees of the Company over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under the Performance Share Plan are summarised below:

Year of Award	2008	2009	2010	2011
	('000)	('000)	('000)	('000)
At January 1	969	348	1,090	876
Granted	441	743	–	–
Effects of transfer of entities under common control	–	315	–	–
Additional shares granted arising from modification	–	153	24	–
Lapsed/cancelled	(613)	(88)	(36)	–
Released	(449)	(381)	(202)	(284)
At December 31/June 30	<u>348</u>	<u>1,090</u>	<u>876</u>	<u>592</u>

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

The fair values of the shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

<u>Year of Award</u>	<u>At December 31,</u>			<u>At June 30,</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Weighted average fair value of shares and assumptions</i>				
Weighted average fair value at measurement date	\$7.18	\$1.56	\$2.92	–
Expected volatility based on 36 months closing share price prior to grant date	29.22%	41.25%	32.69%	–
MSCI AC Asia Pacific Free ex-Japan Real Estate Index annualised volatility based on 36 months prior to grant date	16.15%	26.97%	23.77%	–
Share price at grant date	\$6.97	\$2.03	\$3.89	–
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period.	1.23%	0.99%	0.67%	–
Expected dividend yield over 12 months volume-weighted average share price prior to the grant date	1.42%	1.77%	1.57%	–
Correlation of return between MSCI AC Asia Pacific Free ex-Japan Real Estate Index and the Company's share price measured over 36 months prior to the grant date	47.88%	55.79%	67.74%	–

Restricted Stock Plan – Equity-settled/Cash-settled

This relates to compensation costs of CapitaLand's Restricted Stock Plan reflecting the benefits accruing to the employees of the Company over the service period to which the performance criteria relate. CapitaLand granted awards of shares under the CapitaLand Restricted Stock Plan in place of options with effect from 2007.

With effect from 2008, the CL ERCC has instituted a set of share ownership guidelines for senior management who received shares under the CapitaLand Restricted Stock Plan. Under these guidelines, members of the senior management team are required to retain a portion of the total number of CapitaLand shares acquired through the CapitaLand Restricted Stock Plan which will vary according to their job grades and base salaries.

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Movements in the number of shares outstanding under the CapitaLand Restricted Stock Plan granted to employees of the Company are summarised below:

Year of Award	2008	2009	2010	2011
	('000)	('000)	('000)	('000)
At January 1	913	1,926	3,580	2,038
Granted	1,757	2,281	641	–
Effects of transfer of entities under common control	–	394	–	–
Lapsed/Cancelled	(295)	(429)	(398)	(50)
Additional shares granted arising from modification	–	410	33	–
Released*.	(449)	(1,002)	(1,818)	(1,194)
At December 31/June 30	<u>1,926</u>	<u>3,580</u>	<u>2,038</u>	<u>794</u>

* The number of shares released during 2011 was 1,194,000 (2010: 1,818,000; 2009: 1,002,000; 2008: 449,000), of which 303,000 (2010: 439,000; 2009: 212,000; 2008: 97,000) were cash settled.

At the balance sheet dates, the number of shares comprised in awards granted under the CapitaLand Restricted Stock Plan is as follows:

	Group							
	December 31, 2008		December 31, 2009		December 31, 2010		June 30, 2011	
	Equity- settled	Cash- settled	Equity- settled	Cash- settled	Equity- settled	Cash- settled	Equity- settled	Cash- settled
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)
Final number of shares has not been determined (baseline award)#	872	311	1,670	611	–	–	–	–
Final number of shares determined but not released	<u>563</u>	<u>180</u>	<u>1,018</u>	<u>281</u>	<u>1,508</u>	<u>530</u>	<u>582</u>	<u>212</u>
	<u>1,435</u>	<u>491</u>	<u>2,688</u>	<u>892</u>	<u>1,508</u>	<u>530</u>	<u>582</u>	<u>212</u>

The final number of shares released could range from 0% to 150% of the baseline award.

The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The shares have a vesting schedule of two to three years. Recipient can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost. With effect from 2010, CapitaLand Restricted Stock Plan award to non-executive directors will be time-based with no performance conditions and will be released over a vesting period of two years.

Cash-settled awards of shares are measured at their current fair value at each balance sheet date.

The fair values of the equity-settled award of shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	At December 31,			At June 30,
	2008	2009	2010	2011
<i>Weighted average fair value of shares and assumptions</i>				
Weighted average fair value at measurement date	\$6.78	\$1.96	–	–
Expected volatility based on 36 months closing share price prior to grant date	29.22%	41.25%	–	–
Share price at grant date	\$6.97	\$2.03	–	–
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.83% to 1.23%	0.47% to 0.99%	–	–
Expected dividend yield over 12 months volume-weighted average share price prior to the grant date .	1.42%	1.77%	–	–

The Modification Exercise in the CapitaLand Performance Share Plan and Restricted Stock Plan

In 2010, CapitaLand paid a special dividend of \$0.05 per issued ordinary share for the financial year ended December 31, 2009. In accordance with the rules of the CapitaLand's Performance Share Plan and Restricted Stock Plan, when CapitaLand declares a special dividend (whether in cash or in specie), the CL ERCC may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that a CapitaLand Performance Share Plan or Restricted Stock Plan participant will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable.

On May 3, 2010, adjustments to the terms of the unvested shares were made (based on the ex-rights date of April 26, 2010, and hereby also known as "modification date") in a manner such that the CapitaLand Performance Share Plan and Restricted Stock Plan participants will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of the shares was calculated using the Monte Carlo simulation model.

The number of shares was adjusted to reflect the special dividend paid. The adjustments resulted in additional awards of 24,000 shares under the CapitaLand Performance Share Plan and 33,000 shares (of which 9,000 are to be cash-settled) under the CapitaLand Restricted Stock Plan during the financial year ended December 31, 2010.

No incremental fair value of shares was recognised as a result of the modification exercise and the significant inputs into the Monte Carlo simulation model were:

- Share price of \$3.94, based on volume-weighted average share price for 3 consecutive trading days prior to the modification date;
- The volatility measured at the standard deviation of expected share price returns of 32.64%, based on 36 months closing share price prior to the modification date;
- The MSCI AC Asia Pacific ex-Japan Real Estate Index annualised volatility based on 36 months prior to the modification date of 24.15%;
- Correlation of return between MSCI AC Asia Pacific ex-Japan Real Estate and CapitaLand's share price measured over 36 months prior to the modification date of 68.07%;
- Risk-free interest rate ranging from 0.43% to 0.69% per annum that matches the remaining life of the award. This is based on the zero-coupon Singapore Government bond yield on modification date for awards matching tenure contractual life; and
- Dividend yield of 1.46% based on expected dividend over one-year volume-weighted average share price prior to the modification date.

22 REVENUE

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Group					
Rental and related income	108,378	135,161	94,285	72,173	24,273
Management and consultancy fees . .	94,223	91,675	149,056	74,278	88,102
Others	2,609	2,110	2,061	1,193	656
	205,210	228,946	245,402	147,644	113,031
Company					
Management and consultancy fees . .	68,418	62,377	70,588	35,387	35,722
Dividend income from subsidiaries . .	72,160	95,770	114,300	3,500	167,000
	140,578	158,147	184,888	38,887	202,722

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23 OTHER OPERATING INCOME

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Group					
Interest income:					
– fixed deposits	2,346	5,877	5,476	1,047	3,706
– related corporations	104	2	–	–	–
– subsidiaries	–	–	–	–	–
– associates	551	9,390	10,463	4,487	6,178
– jointly-controlled entity	10,098	10,098	10,098	5,008	2,656
Foreign exchange gain	12,114	–	3,885	10,769	–
Gain on disposal of subsidiaries	135	–	–	–	–
Gain on disposal of associates	–	–	2,524	2,524	2,017
Gain on disposal of available-for-sale investments	14,461	52,806	–	–	–
Gain on disposal of investment properties	–	–	10,365	–	–
Realisation of deferred income	18,618	–	–	–	–
Net fair value gain on investment properties and properties under development	50,196	–	37,375	12,416	67,566
Dividend income	9,861	3,674	–	–	–
Government grants – Jobs Credit Scheme	–	1,585	386	278	–
Others	1,219	1,587	1,875	1,193	2,500
	119,703	85,019	82,447	37,722	84,623
Company					
Interest income:					
– fixed deposits	16	23	264	220	–
– related corporations	66	–	–	–	–
– subsidiaries	41	1,352	6,480	3,738	1,206
Foreign exchange gain	–	–	531	531	–
Government grants – Jobs Credit Scheme	–	1,521	355	252	–
Others	–	3	1	1	71
	123	2,899	7,631	4,742	1,277

24 FINANCE COSTS

	Note	Years ended December 31,			Six months ended	
		2008	2009	2010	June 30,	
		\$'000	\$'000	\$'000	2010	2011
				(unaudited)		
Group						
Interest paid and payable to:						
- holding company		5	510	-	-	-
- related corporations		136,245	90,241	-	-	-
- non-controlling interests		4,611	3,371	139	101	-
- bank loans and others		23,196	23,844	25,464	13,531	16,050
Total borrowing costs		164,057	117,966	25,603	13,632	16,050
Less: Borrowing costs capitalised in properties under development	5	(5,761)	(6,536)	-	-	-
		<u>158,296</u>	<u>111,430</u>	<u>25,603</u>	<u>13,632</u>	<u>16,050</u>
Company						
Interest paid and payable to:						
- holding company		5	510	-	-	-
- subsidiary		-	-	1	-	-
- related corporations		10,271	-	-	1	-
- bank loans and others		-	-	-	-	-
		<u>10,276</u>	<u>510</u>	<u>1</u>	<u>1</u>	<u>-</u>

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25 (PROFIT)/LOSS BEFORE TAXATION

(Profit)/Loss before taxation includes the following:

	Group					Company				
	Year ended December 31,			Six months ended		Year ended December 31,			Six months ended	
	2008	2009	2010	June 30,	2011	2008	2009	2010	June 30,	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(unaudited)					(unaudited)					
(a) Staff costs										
Wages and salaries	60,334	63,408	79,061	32,296	45,909	38,984	35,677	45,388	22,166	20,754
Contributions to defined contribution plans included in wages and salaries	2,829	3,451	4,744	2,340	2,291	2,696	3,173	4,027	2,067	1,821
Share-based expenses										
– equity-settled	5,005	3,573	6,673	3,309	2,975	5,005	3,569	5,725	2,884	2,594
– cash-settled	525	1,672	2,324	1,480	719	525	1,625	1,525	1,266	(694)
Increase in liability for short term accumulating compensated absences	261	75	540	–	–	261	33	504	–	–
(b) Other expenses										
Allowance for impairment losses on loans to subsidiaries	–	–	–	–	–	–	27,751	19,110	–	64,545
Allowance made/(reversed) for doubtful loans and receivables	9,748	(10,009)	331	(60)	(297)	–	–	–	–	–
Net fair value loss on investment properties and properties under development	–	98,970	–	–	–	–	–	–	–	–
Depreciation of plant and equipment	4,754	6,079	7,206	3,161	3,159	2,100	2,773	3,091	1,264	1,143
Loss/(gain) on disposal/write-off of plant and equipment	133	77	618	(21)	13	18	10	12	4	2
Foreign exchange loss	–	12,698	–	–	2,547	7	552	–	–	–
Operating lease expense	1,988	5,718	9,139	4,408	4,294	–	–	3,415	1,641	1,800
Operating expenses arising from investment properties	38,238	43,871	34,460	24,416	9,351	–	–	–	–	–
Auditors' remuneration:										
– auditors of the Company	151	206	264	113	132	–	115	130	59	65
– other auditors	214	272	311	159	129	54	–	–	–	–
Non-audit fees paid to:										
– auditors of the Company	7	769	117	70	501	7	769	57	8	32
– other auditors	288	66	–	–	–	–	–	–	–	–

(c) Directors' emoluments

	For the year ended December 31, 2008			
	Directors' fee	Other emoluments (mainly basic salaries, bonus and allowances)	Equity-settled share-based payment expense	Total
	S\$'000	S\$'000	S\$'000	S\$'000
	—	—	—	—
Executive directors				
Liew Mun Leong	—	—	—	—
Kee Teck Koon	—	—	—	—
Lim Beng Chee	—	—	—	—
Lim Tse Ghow Olivier	—	—	—	—
	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
For the year ended December 31, 2009				
	Directors' fee	Other emoluments (mainly basic salaries, bonus and allowances)	Equity-settled share-based payment expense	Total
	S\$'000	S\$'000	S\$'000	S\$'000
	10	—	—	10
	—	2,393	394	2,787
Executive directors				
Liew Mun Leong	10	—	—	10
Lim Beng Chee	—	2,393	394	2,787
Non-executive directors				
Jennie Chua	4	—	—	4
Lim Tse Ghow Olivier	4	—	—	4
Independent non-executive directors				
Sunil Tissa Amarasuriya	12	—	—	12
Fu Yuning	7	—	—	7
Loo Choon Yong	12	—	—	12
Arfat Pannir Selvam	9	—	—	9
Tan Kong Yam	9	—	—	9
Hiroshi Toda	7	—	—	7
Yap Chee Keong	12	—	—	12
	<u>86</u>	<u>2,393</u>	<u>394</u>	<u>2,873</u>
	<u>86</u>	<u>2,393</u>	<u>394</u>	<u>2,873</u>

For the year ended December 31, 2010				
	Directors' fees	Other emoluments (mainly basic salaries, bonus and allowances)	Equity-settled share-based payment expense	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Executive directors				
Liew Mun Leong	156	–	67	223
Lim Beng Chee	–	1,502	600	2,102
Non-executive directors				
Jennie Chua	48	–	17	65
Lim Tse Ghow Olivier	94	–	37	131
Independent non-executive directors				
Sunil Tissa Amarasuriya	91	–	32	123
Fu Yuning	46	–	19	65
Loo Choon Yong	96	–	38	134
Arfat Pannir Selvam	70	–	30	100
Tan Kong Yam	83	–	30	113
Hiroshi Toda	28	–	9	37
Yap Chee Keong	106	–	38	144
	<u>818</u>	<u>1,502</u>	<u>917</u>	<u>3,237</u>

	Six months ended June 30, 2010			
	Directors' fee	Other emoluments (mainly basic salaries, bonus and allowances)	Equity-settled share-based payment expense	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Executive directors				
Liew Mun Leong	79	–	34	113
Lim Beng Chee	–	733	300	1,033
Non-executive directors				
Jennie Chua	26	–	9	35
Lim Tse Ghow Olivier	47	–	18	65
Independent non-executive directors				
Sunil Tissa Amarasuriya	48	–	16	64
Fu Yuning	21	–	9	30
Loo Choon Yong	49	–	19	68
Arfat Pannir Selvam	34	–	15	49
Tan Kong Yam	42	–	15	57
Hiroshi Toda	28	–	4	32
Yap Chee Keong	53	–	19	72
	<u>427</u>	<u>733</u>	<u>458</u>	<u>1,618</u>

	Six months ended June 30, 2011			
	Directors' fee	Other emoluments (mainly basic salaries, bonus and allowances)	Equity-settled share-based payment expense	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Executive directors				
Liew Mun Leong	83	–	36	119
Lim Beng Chee	–	790	202	992
Non-executive directors				
Jennie Chua	26	–	11	37
Lim Tse Ghow Olivier	53	–	23	76
Independent non-executive directors				
Sunil Tissa Amarasuriya	44	–	19	63
Loo Choon Yong	56	–	24	80
Arfat Pannir Selvam	40	–	17	57
Tan Kong Yam	47	–	20	67
Yap Chee Keong	53	–	23	76
	<u>402</u>	<u>790</u>	<u>375</u>	<u>1,567</u>

(d) Individuals with highest emoluments

Of the five individuals with highest emoluments, one is the director of the Company during the Relevant Period whose emoluments is disclosed in Note 25(c) above. The aggregate of the emoluments paid or payable to the remaining four individuals are as follows:

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Salaries, allowances and bonuses	Nil	3,007	3,371	1,650	1,747
Contribution to defined contribution plans	Nil	41	40	26	30
Share-based payment expenses	Nil	682	980	490	446
	<u>Nil</u>	<u>3,730</u>	<u>4,391</u>	<u>2,166</u>	<u>2,223</u>

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An analysis of their emoluments by number of employee and emolument range is set out below:

	Number of employees				
	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
\$250,000 to \$499,999	Nil	–	–	2	1
\$500,000 to \$749,999	Nil	1	–	2	3
\$750,000 to \$999,999	Nil	2	2	–	–
\$1,000,000 to \$1,249,999 . . .	Nil	–	1	1	1
\$1,250,000 to \$1,499,999 . . .	Nil	–	1	–	–
\$1,500,000 to \$1,749,999 . . .	Nil	1	–	–	–
\$1,750,000 and above	Nil	1	1	–	–

26 INCOME TAX EXPENSE

Group	Six months ended June 30,				
	Years ended December 31,			June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Current tax					
– Current year	12,737	18,577	36,246	13,727	15,245
– Under/(over) provision in respect of prior years	1,922	(2,248)	(8,156)	(3,231)	668
	<u>14,659</u>	<u>16,329</u>	<u>28,090</u>	<u>10,496</u>	<u>15,913</u>
Deferred tax					
– Origination and reversal of temporary differences	14,657	6,364	(252)	1,292	16,090
– (Over)/under provision in respect of prior years	(9)	–	1,033	1,033	–
	<u>14,648</u>	<u>6,364</u>	<u>781</u>	<u>2,325</u>	<u>16,090</u>
	<u>29,307</u>	<u>22,693</u>	<u>28,871</u>	<u>12,821</u>	<u>32,003</u>

Reconciliation of effective tax rate

Group	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Profit before taxation	147,372	296,918	577,809	161,877	261,590
Less: Share of results of associates and jointly- controlled entities	(149,645)	(376,742)	(475,884)	(91,901)	(190,364)
(Loss)/Profit before share of results of associates and jointly-controlled entities and taxation	(2,273)	(79,824)	101,925	69,976	71,226
Income tax using Singapore tax rate of 17% (2010: 17%; 2009: 17%; 2008: 18%)	(409)	(13,570)	17,327	11,896	12,108
Income not subject to tax	(8,273)	(8,904)	(6,903)	(5,574)	(2,496)
Expenses not deductible for tax purposes	6,088	30,155 ¹	10,534	1,770	4,257
Effect of different tax rates in foreign jurisdictions	2,009	391	213	(600)	5,046
Utilisation of previously unrecognised tax losses	–	–	(669)	(79)	(532)
Deferred tax assets not recognised	2,572	5,431	1,406	703	1,235
Tax losses not available for carry- forward	22,964	11,117	15,320	7,460	11,603
(Over)/Under provision in respect of prior years	1,913	(2,248)	(7,123)	(2,198)	668
Others	2,443	321	(1,234)	(557)	114
	29,307	22,693	28,871	12,821	32,003

¹ *Mainly due to tax effect of revaluation loss on investment properties and properties under development.*

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Company	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Current tax					
– Underprovision in respect of prior years	–	–	89	89	–
Deferred tax					
– Origination and reversal of temporary differences	–	(458)	116	1	230
	–	(458)	205	90	230
	–	(458)	205	90	230

Reconciliation of effective tax rate

Company	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Profit/(loss) before taxation	54,411	57,274	82,773	(330)	97,213
Income tax using Singapore tax rate of 17% (2010: 17%; 2009: 17%; 2008: 18%)	9,794	9,737	14,071	(56)	16,526
Income not subject to tax	(12,989)	(16,540)	(19,491)	(638)	(28,390)
Expenses not deductible for tax purposes	–	6,003	4,883	817	11,695
Deferred tax assets not recognised	–	–	–	(180)	424
Tax losses not available for carry-forward	3,195	342	744	–	–
Under provision in respect of prior years	–	–	89	89	–
Others	–	–	(91)	58	(25)
	–	(458)	205	90	230
	–	(458)	205	90	230

27 EARNINGS PER SHARE**(a) Basic earnings per share**

The basic earnings per share for the period ended June 30, 2011 was based on the profit attributable to owners of the Company of \$214.0 million (June 30, 2010: \$146.9 million; 2010: \$541.3 million; 2009: \$268.7 million; 2008: \$115.6 million) and a weighted average number of ordinary shares outstanding of 3,884.7 million (June 30, 2010: 3,884.0 million; 2010: 3,884.0 million; 2009: 1,926.5 million; 2008: 331.3 million) shares, calculated as follows:

	Group				
	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Profit attributable to owners of the Company	115,562	268,665	541,337	146,890	214,043

	Group				
	Number of shares				
	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	('000)	('000)	('000)	('000)	('000)
Weighted average number of shares					
Issued ordinary shares at January 1	50,000	1,000,000	3,884,000	3,884,000	3,884,000
Effect of shares issued during the year/period	281,315	926,463	-	-	729
Weighted average number of shares at December 31/ June 30.	331,315	1,926,463	3,884,000	3,884,000	3,884,729

(b) Diluted earnings per share

The calculation of diluted earnings per share for the period ended June 30, 2011 was based on the profit attributable to owners of the Company of \$214.0 million (June 30, 2010: \$146.9 million; 2010: \$541.3 million; 2009: \$268.7 million; 2008: \$115.6 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 3,893.3 million (June 30, 2010: 3,887.9 million; 2010: 3,888.9 million; 2009: 1,926.5 million; 2008: 331.3 million) shares, calculated as follows:

	Group				
	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
				(unaudited)	
Profit attributable to owners of the Company	115,562	268,665	541,337	146,890	214,043

	Group				
	Number of shares				
	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	('000)	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (diluted)					
Weighted average number of ordinary shares (basic)	331,315	1,926,463	3,884,000	3,884,000	3,884,729
Weighted average number of unissued ordinary shares from:					
– Options under Performance Share Plan	–	–	1,414	1,079	3,180
– Options under Restricted Stock Plan	–	–	3,466	2,839	5,400
	–	–	4,880	3,918	8,580
Weighted average number of ordinary shares (diluted) at December 31 and June 30	331,315	1,926,463	3,888,880	3,887,918	3,893,309

28 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**(a) Acquisition of subsidiaries**

- (i) The list of subsidiaries acquired in 2011 is as follows:

	<u>Date acquired</u>	<u>Equity interest acquired</u>
		%
Abbey Road Limited.	February 2011	68.8
Sky Vision (Hong Kong) Limited	February 2011	68.8
Shanghai Yongwei Real Estate.	February 2011	66.0

The total purchase consideration for the above mentioned subsidiaries amounted to \$285.5 million. From the date of acquisitions to June 30, 2011, the above-mentioned acquisitions contributed net profit of \$12.4 million to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on January 1, 2011, management estimates that there will not be any significant impact on the net profit for the six months ended June 30, 2011.

- (ii) The cash flow and the net assets of subsidiaries acquired are provided below:

	<u>Recognised values on acquisition</u>
	<u>2011</u>
Group	\$'000
Properties under development	428,255
Current assets.	9,419
Current liabilities	(9,815)
Net assets acquired.	427,859
Non-controlling interests.	(142,390)
Purchase consideration	285,469
Less:	
Cash paid in previous financial year	(28,942)
Cash of subsidiaries acquired	(9,264)
Cash outflow on acquisition of subsidiaries.	247,263

(iii) The list of subsidiaries acquired in 2010 is as follows:

	<u>Date acquired</u>	<u>Equity interest acquired</u>
		%
CapitaRetail China Developments D18 (HK) Limited .	January 2010	100
Growing State Holdings Limited	March 2010	100
Chengdu Huayun Jiangnan Real Estate Development Co. Ltd.	March 2010	100

The total purchase consideration for the above mentioned subsidiaries amounted to \$114.0 million. From the dates of acquisitions to December 31, 2010, the above-mentioned acquisitions contributed net profit of \$5.2 million to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on January 1, 2010, the Group's net profit for the year ended December 31, 2010 would have increased by \$4.2 million, before accounting for financing costs attributable to the acquisitions.

(iv) The cash flow and the net assets of subsidiaries acquired are provided below:

	<u>Recognised values on acquisition</u>
	<u>2010</u>
Group	\$'000
Properties under development	72,100
Current assets	52,060
Current liabilities	(7,245)
Non-current liabilities	(2,992)
Net assets acquired	113,923
Shareholders' loan repaid	38
Purchase consideration	113,961
Less: Cash of subsidiaries acquired	(39,540)
Cash outflow on acquisition of subsidiaries	74,421

(b) Transfer of subsidiaries

- (i) Subsidiaries transferred from related corporations in 2009 are as follows:

	Date transferred	Equity interest transferred
		%
Victoria City Pte Ltd	November 2009	100
CapitaMall Trust Management Limited.	November 2009	100
CapitaRetail Singapore Management Pte. Ltd.	November 2009	100
CapitaRetail Japan Fund Management Private Limited.	November 2009	100
CapitaRetail China Fund Management Pte. Ltd.	November 2009	100
CapitaLand Retail Trustee Pte. Ltd.	November 2009	100
CapitaRetail China Trust Management Limited.	November 2009	100
Retail RECM (BVI) Limited	November 2009	100
CapitaRetail (Beijing) Investment Consulting Co., Ltd.	November 2009	100
One Trustee Pte. Ltd.	November 2009	100
CapitaRetail India Fund Management Pte. Ltd.	November 2009	100
CapitaRetail Malaysia REIT Management Sdn. Bhd. . .	November 2009	100

From the dates of transfer to December 31, 2009, the above mentioned acquisitions contributed net profit of \$3.6 million to the Group's results for the year, before accounting for financing costs attributable to the acquisition. If the transfer had occurred on January 1, 2009, the Group's revenue for the year ended December 31, 2009 would have increased by \$64.9 million and net profit would have increased by \$37.2 million, before accounting for financing costs attributable to the transfer.

(ii) Effects of transfer

The cash flow and the net assets of subsidiaries transferred in 2009 are provided below:

	Recognised values on transfer
	2009
	\$'000
Group	
Plant and equipment	135
Interest in associates	109,252
Current assets	134,985
Non-current liabilities	(90)
Current liabilities	(142,792)
Net assets acquired	101,490
Purchase consideration	101,490
Less:	
Cash of subsidiaries acquired	(4,545)
Loan from holding company	(83,489)
Cash outflow on transfer of subsidiaries	13,456

(c) Disposal of subsidiaries

- (i) In 2009, the Group disposed the following subsidiary to a related corporation, Alexandrite Land Pte Ltd, for a consideration of \$1.

	<u>Date disposed</u>	<u>Percentage disposed</u>
		(%)
TRM Private Limited	November 2009	100

The disposed subsidiary previously contributed net losses of \$107,000 to the year ended December 31, 2008 and net losses of \$105,000 from January 1, 2009 to the date of disposal.

- (ii) The cash flow and the net assets of the subsidiary disposed are provided below:

	Group
	2009
	\$'000
Other non-current assets	3,005
Current liabilities	(3,226)
Net liabilities disposed	(221)
Gain on disposal of subsidiary	221
Sale consideration	*
Cash of subsidiary disposed	(21)
Cash outflow on disposal of subsidiary	(21)

* Less than \$1,000

- (iii) In 2008, the Group disposed the following subsidiaries to an associate, CapitaRetail India Development Fund, for a total consideration of \$15.3 million.

	Date disposed	Percentage disposed
		(%)
Flicker Projects Private Limited	February 2008	70
CapitaRetail India Development Fund Investments (Mauritius) Limited	February 2008	100
CapitaRetail Udaipur Mall (Mauritius) Limited	February 2008	100
Sky Amber Limited	February 2008	100
CapitaRetail Nagpur Mall (Mauritius) Limited	February 2008	100
Earth Amber Limited	February 2008	100
CapitaRetail Jalandhar Mall (Mauritius) Limited	February 2008	100
Moon Amber Limited	February 2008	100
CapitaRetail Khanna Mall (Mauritius) Limited	February 2008	100
CapitaRetail Whitefield Mall (Mauritius) Limited	February 2008	100
CapitaRetail Mangalore Mall (Mauritius) Limited	February 2008	100
CapitaRetail Mysore Mall (Mauritius) Limited	February 2008	100
CapitaRetail Hyderabad Mall (Mauritius) Limited	February 2008	100
CapitaRetail Bangalore Forum Value Mall (Mauritius) Limited	February 2008	100
CapitaRetail Cochin Mall (Mauritius) Limited	February 2008	100
Pinnacle Seven Limited	February 2008	100

The disposed subsidiaries previously contributed net losses of \$441,000 for the period ended December 31, 2007 and net losses of \$60,000 from January 1, 2008 to the respective dates of disposal.

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

	2008
	\$'000
Plant and equipment	135
Properties under development	20,625
Current assets	4,873
Current liabilities	(1,388)
Non-controlling interests	(1,880)
Equity interests retained as associates	(7,328)
Net assets disposed	15,037
Realisation of reserves	(31)
Deferred income	153
Gain on disposal of subsidiaries	135
Sale consideration	15,294
Cash of subsidiaries disposed	(2,970)
Cash inflow on disposal of subsidiaries	12,324

29 COMMITMENTS

The Group and the Company had the following commitments as at the balance sheet date:

(a) Operating Lease Commitments

(i) Operating lease rental payable

Future minimum lease payments on non-cancellable operating leases are as follows:

	Group				Company			
	At December 31,			At	At December 31,			At
	2008	2009	2010	June 30,	2008	2009	2010	June 30,
	\$'000	\$'000	\$'000	2011	\$'000	\$'000	\$'000	2011
			\$'000				\$'000	
Lease payments payable:								
- Within 1 year	2,621	5,275	6,181	8,396	-	2,265	2,960	2,680
- After 1 year but within 5 years	1,429	2,405	10,731	15,432	-	1,022	8,741	7,308
- After 5 years	1,684	-	-	-	-	-	-	-
	<u>5,734</u>	<u>7,680</u>	<u>16,912</u>	<u>23,828</u>	<u>-</u>	<u>3,287</u>	<u>11,701</u>	<u>9,988</u>

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(ii) Operating lease rental receivable

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

	Group			
	At December 31,			At
	2008	2009	2010	June 30,
	\$'000	\$'000	\$'000	2011
	\$'000	\$'000	\$'000	\$'000
Lease rentals receivable:				
– Within 1 year	80,278	82,548	–	19,166
– After 1 year but within 5 years . .	106,443	84,284	–	15,154
– After 5 years	4,897	4,586	–	–
	<u>191,618</u>	<u>171,418</u>	<u>–</u>	<u>34,320</u>

(b) Other commitments

	Group				Company			
	At December 31,			At	At December 31,			At
	2008	2009	2010	June 30,	2008	2009	2010	June 30,
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Commitments in respect of:								
– capital expenditure contracted but not provided for in the financial information . .	27,680	755	1,291	1,430	–	105	575	615
– development expenditure contracted but not provided for in the financial information . .	256,475	197,810	149,487	292,237	–	–	–	–
– purchase of land/ investment properties contracted but not provided for in the financial information . .	–	–	660,109	–	–	–	–	–
– capital contribution/ acquisition of associates, jointly- controlled entities and investee companies . . .	328,977	320,025	520,476	939,313	–	–	–	–
– shareholders' loan committed to an investee company . . .	–	–	–	22,169	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>22,169</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

30 CONTINGENT LIABILITIES

As at December 31, 2009, the Company provided a guarantee amounting to \$60.8 million (2008: \$62.1 million) to Malaysian Trustees Berhad, the trustee for and on behalf of the holders of the Senior Class Notes issued by a subsidiary, that the Company will purchase all the outstanding Senior Class Notes in the event the subsidiary fails to pay any amount under the Senior Class Notes when they are due and payable.

During the year ended December 31, 2010, the Senior Class Notes was redeemed and accordingly, the said guarantee has been cancelled.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS**Remuneration of key management personnel**

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors and certain senior employees of the Company are considered key management personnel of the Company.

The key management personnel compensations included as part of staff costs are as follows:

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Group				(unaudited)	
Salaries, bonuses, contributions to defined contribution plans and other benefits	1,198	4,076	7,734	3,811	3,935
Equity compensation benefits	868	1,045	2,115	1,057	970
	<u>2,066</u>	<u>5,121</u>	<u>9,849</u>	<u>4,868</u>	<u>4,905</u>
Company					
Salaries, bonuses, contributions to defined contribution plans and other benefits	1,198	4,076	7,734	3,811	3,935
Equity compensation benefits	868	1,045	2,115	1,057	970
	<u>2,066</u>	<u>5,121</u>	<u>9,849</u>	<u>4,868</u>	<u>4,905</u>

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In addition to the related party information disclosed in Notes 6, 8, 9, 11, 12, 16, 18, 21, 22, 23, 24, 25, 28, 32 and 33, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year as follows:

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
Holding company					
Management fee expense ¹ . . .	(15,386)	(12,911)	(16,693)	(7,064)	(8,651)
Related corporations					
Management fee income ² . . .	3,701	2,106	1,162	710	313
Management fee expense ³ . . .	(4,986)	(7,280)	(1,911)	(1,262)	(438)
Rental expense ⁴	(348)	(1,302)	(3,144)	(1,591)	(1,374)
Associates and jointly- controlled entities					
Project management fee income	7,380	7,996	12,683	3,960	6,157
Property and fund management fee income . . .	60,727	55,187	115,184	55,221	64,725
Service fee income and others	15,294	27,928	8,733	981	6,313
Sale of investment properties ⁵	–	–	1,157,736	–	–
Key Management Personnel					
Rental received/receivable from companies in which certain directors are members	235	945	487	481	–
Professional fees paid/payable to companies in which a director is a member	–	43	276	145	189

	Years ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
(unaudited)					
Company					
Holding company					
Management fee expense ⁶ . . .	(15,386)	(12,911)	(16,272)	(7,064)	(8,651)
Subsidiaries					
Management fee income ⁷ . . .	68,418	62,377	75,008	35,387	35,722
Related corporations					
Management fee income ⁸ . . .	323	–	–	–	–
Management fee expense ⁹ . . .	(4,760)	(5,121)	(1,324)	(491)	(438)
Rental expense ¹⁰	–	–	(2,565)	(1,441)	(1,036)
Associates and jointly- controlled entities					
Property and fund management income	–	309	2,060	1,189	656
Key Management Personnel					
Professional fees paid/payable to companies in which a director is a member	–	37	259	136	181

¹ Relates to shared services fees paid/payable to CapitaLand Limited

² Relates mainly to staff cost reimbursement which are received/receivable

³ Relates mainly to support services for administration, legal and secretarial and customer services which are paid/payable

⁴ Relates to expenses paid/payable for rental of office premises in Singapore and Japan

⁵ Relates to sale of investment properties located in Singapore and Malaysia to associates

⁶ Relates to shared services fees paid/payable to CapitaLand Limited

⁷ Relates mainly to general management, corporate secretarial and accounting services rendered to subsidiaries

⁸ Relates mainly to corporate secretarial and management information system fees which are received/receivable

⁹ Relates mainly to support services for administration, legal and secretarial and customer services which are paid/payable

¹⁰ Relates to expenses paid/payable for rental of office premises in Singapore

32 FINANCIAL RISK MANAGEMENT**(a) Financial risk management objectives and policies**

The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified portfolio of businesses. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. As a whole, the Group has implemented risk management policies and guidelines which set out its tolerance of risk and its general risk management philosophy. In connection with this, the Group has established a framework and process to monitor the exposures so as to ensure appropriate measures can be implemented in a timely and effective manner.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its interest-bearing borrowings.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. Generally, the interest rate exposure is managed through the use of interest rate swaps and/or fixed rate borrowings.

At June 30, 2011, the Group has interest rate swaps classified as cash flow hedges with notional contract amount of \$150.0 million (2010: \$150.0 million; 2009: \$Nil; 2008: \$Nil) which pays fixed interest rate ranging from 0.84% to 0.85% (2010: 0.84% to 0.85%, 2009: Nil%; 2008: Nil%) per annum and receives a variable rate equal to the Swap Offer Rate on the notional amounts. The Group classifies these interest rate swaps as cash flow hedges. The fair value of interest rate swaps as at June 30, 2011 is a liability of \$0.3 million (2010: \$0.3 million; 2009: \$Nil; 2008: \$Nil).

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Loans and borrowings	446,846	60,776	499,337	780,195
Variable rate instruments				
Loans and borrowings	2,556,221	442,117	200,615	191,924

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate loans and borrowings at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For variable rate loans and borrowings, it is estimated that an increase of 100 basis points (bp) in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and accumulated profits) by approximately \$1.9 million (2010: \$2.0 million; 2009: \$4.4 million; 2008: \$25.6 million). A decrease in 100bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

(ii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly United States (US) Dollars, Chinese Renminbi, Hong Kong Dollars, Malaysian Ringgit and Japanese Yen.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept at an acceptable level.

In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

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The Group's and Company's exposure to foreign currencies as at December 31, 2008, December 31, 2009, December 31, 2010 and June 30, 2011 are as follows:

	Singapore		Chinese	Hong	Japanese	Malaysian	Others ¹	Total
	Dollars	US Dollars	Renminbi	Kong	Yen	Ringgit		foreign
	\$'000	\$'000	\$'000	Dollars	\$'000	\$'000	\$'000	currencies
				\$'000				\$'000
Group								
At December 31, 2008								
Other investments	-	-	-	113,071	-	-	-	113,071
Trade and other receivables	33,842	4,479	255,773	5,274	4,290	2,917	97	306,672
Cash and cash equivalents	17,960	646	49,300	14,321	6,741	47,828	1,264	138,060
Loans and borrowings	(1,700,475)	(813,107)	(65,198)	(92,095)	(166,242)	(165,950)	-	(3,003,067)
Non-current security deposits	(3,417)	-	(2,684)	-	(6,747)	(13,053)	-	(25,901)
Trade and other payables ²	(136,213)	(5)	(279,984)	-	(2,027)	(20,469)	(79)	(438,777)
	(1,788,303)	(807,987)	(42,793)	40,571	(163,985)	(148,727)	1,282	(2,909,942)
Less:								
- Net financial liabilities/(assets) denominated in the respective entities' functional currencies	1,785,316	-	73,733	-	(1,867)	488,452	(1,282)	2,344,352
Currency exposure	(2,987)	(807,987)	30,940	40,571	(165,852)	339,725	-	(565,590)
At December 31, 2009								
Other investments	-	200,028	-	-	-	-	-	200,028
Non-current receivables	4	-	-	-	-	-	-	4
Trade and other receivables	172,675	118,368	136,137	2	4,305	4,371	155	436,013
Cash and cash equivalents	385,785	46,960	43,549	3	4,816	63,108	85	544,306
Loans and borrowings	-	-	(116,662)	-	-	(386,231)	-	(502,893)
Non-current security deposits	(4,778)	-	(2,716)	-	(2,864)	(12,747)	-	(23,105)
Trade and other payables ²	(156,476)	(1,748)	(159,437)	(28)	(1,931)	(27,616)	(143)	(347,379)
	397,210	363,608	(99,129)	(23)	4,326	(359,115)	97	306,974
Less:								
- Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(431,896)	(201,701)	134,903	-	(4,330)	515,473	(97)	12,352
Currency exposure	(34,686)	161,907	35,774	(23)	(4)	156,358	-	319,326
At December 31, 2010								
Other investments	130,874	247,779	-	-	-	-	-	378,653
Non-current receivables	16,627	-	-	-	-	-	-	16,627
Trade and other receivables	412,234	3,225	37,810	1	4,766	39,956	289	498,281
Cash and cash equivalents	1,064,792	9,221	30,222	10	3,697	209,664	706	1,318,312
Loans and borrowings	(597,477)	-	(102,475)	-	-	-	-	(699,952)
Non-current security deposits	-	-	(3,116)	-	(2,834)	-	-	(5,950)
Trade and other payables ²	(221,865)	(8)	(26,894)	(39)	(1,325)	(13,991)	(814)	(264,936)
	805,185	260,217	(64,453)	(28)	4,304	235,629	181	1,241,035
Less:								
- Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(760,048)	(258,488)	102,091	-	(4,314)	(20,471)	(181)	(941,411)
Currency exposure	45,137	1,729	37,638	(28)	(10)	215,158	-	299,624

1 Others comprise mainly Indian Rupees.

2 Excludes advance payment received and liability for employee benefits.

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	Singapore		Chinese	Hong	Japanese	Malaysian	Others ¹	Total
	Dollars	US Dollars	Renminbi	Kong	Yen	Ringgit		foreign
	\$'000	\$'000	\$'000	Dollars	\$'000	\$'000		currencies
Group								
At June 30, 2011								
Other investments	127,276	260,243	-	-	-	-	-	387,519
Non-current receivables	33,523	-	-	-	-	-	-	33,523
Trade and other receivables	139,767	2,034	57,957	-	4,633	5,691	277	210,359
Cash and cash equivalents	1,055,470	48,303	29,508	8	4,040	52,972	1,313	1,191,614
Loans and borrowings	(797,814)	-	(93,047)	-	-	(81,258)	-	(972,119)
Non-current security deposits	-	-	(2,910)	-	(2,736)	(3,185)	-	(8,831)
Trade and other payables ²	(105,397)	(2,738)	(37,449)	(44)	(1,080)	(17,074)	(705)	(164,487)
	<u>452,825</u>	<u>307,842</u>	<u>(45,941)</u>	<u>(36)</u>	<u>4,857</u>	<u>(42,854)</u>	<u>885</u>	<u>677,578</u>
Less:								
- Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(487,138)	(278,804)	83,021	-	(4,857)	66,765	(885)	(621,898)
Currency exposure	<u>(34,313)</u>	<u>29,038</u>	<u>37,080</u>	<u>(36)</u>	<u>-</u>	<u>23,911</u>	<u>-</u>	<u>55,680</u>

1 Others comprise mainly Indian Rupees.

2 Excludes advance payment received and liability for employee benefits.

	Total foreign	
	US Dollars	currencies
	\$'000	\$'000
Company		
At December 31, 2008		
Trade and other receivables	519	519
Cash and cash equivalents	4	4
Trade and other payables	(93)	(93)
Currency exposure	<u>430</u>	<u>430</u>

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	<u>US Dollars</u>	<u>Chinese Renminbi</u>	<u>Hong Kong Dollars</u>	<u>Japanese Yen</u>	<u>Malaysian Ringgit</u>	<u>Total foreign currencies</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
At December 31, 2009						
Cash and cash equivalents	4,811	-	2	-	-	4,813
Trade and other payables	(8)	(3)	-	(8)	-	(19)
Currency exposure	4,803	(3)	2	(8)	-	4,794
	<u>4,803</u>	<u>(3)</u>	<u>2</u>	<u>(8)</u>	<u>-</u>	<u>4,794</u>
At December 31, 2010						
Cash and cash equivalents	5	-	2	-	-	7
Trade and other payables	(3)	(3)	-	(13)	(16)	(35)
Currency exposure	2	(3)	2	(13)	(16)	(28)
	<u>2</u>	<u>(3)</u>	<u>2</u>	<u>(13)</u>	<u>(16)</u>	<u>(28)</u>
At June 30, 2011						
Cash and cash equivalents	4	-	2	-	-	6
Trade and other payables	(112)	-	-	-	(3)	(115)
Currency exposure	(108)	-	2	-	(3)	(109)
	<u>(108)</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>(3)</u>	<u>(109)</u>

Sensitivity analysis

A 5% strengthening of the respective functional currencies of subsidiaries against the following foreign currencies at the reporting date would increase (decrease) equity and profit or loss by the amounts shown below. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

	Group		Company	
	Equity	Profit or loss	Equity	Profit or loss
	\$'000	\$'000	\$'000	\$'000
At December 31, 2008				
Singapore Dollars ¹	–	149	–	–
US Dollars ²	32,282	8,118	–	(22)
Chinese Renminbi ³	–	(1,547)	–	–
Hong Kong Dollars ³	(1,051)	(978)	–	–
Japanese Yen ³	8,312	(19)	–	–
Malaysian Ringgit ³	–	(16,987)	–	–
At December 31, 2009				
Singapore Dollars ¹	–	1,734	–	–
US Dollars ²	–	(8,095)	–	(240)
Chinese Renminbi ³	–	(1,789)	–	–
Hong Kong Dollars ³	–	1	–	–
Malaysian Ringgit ³	–	(7,818)	–	–
At December 31, 2010				
Singapore Dollars ¹	–	(2,257)	–	–
US Dollars ²	–	(86)	–	–
Chinese Renminbi ³	–	(1,882)	–	–
Hong Kong Dollars ³	–	1	–	–
Japanese Yen ³	–	1	–	1
Malaysian Ringgit ³	–	(10,758)	–	1
At June 30, 2011				
Singapore Dollars ¹	–	1,716	–	–
US Dollars ²	–	(1,452)	–	5
Chinese Renminbi ³	–	(1,854)	–	–
Hong Kong Dollars ³	–	2	–	–
Malaysian Ringgit ³	–	(1,196)	–	–

¹ as compared to functional currencies of US Dollars, Chinese Renminbi and Malaysian Ringgit

² as compared to functional currencies of Chinese Renminbi and Singapore Dollars

³ as compared to functional currency of Singapore Dollars

A 5% weakening of the respective functional currencies of subsidiaries against the above foreign currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis all other variables remain constant.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For trade receivables, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables relate mainly to the Group's tenants from its commercial buildings and retail malls. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria.

The Group has a diversified portfolio of businesses and as at balance sheet date, there were no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

As at June 30, 2011, the Group has unutilised credit facilities amounting to \$1,113.3 million (2010: \$864.1 million; 2009: \$519.4 million; 2008: \$Nil).

In 2011, the Group issued \$200.0 million unsecured retail bonds and \$83.5 million secured senior notes.

In 2010, the Group launched a \$2.0 billion Euro Medium-Term-Note programme, of which unsecured notes of \$350.0 million has been issued as at June 30, 2011 (2010: \$350.0 million; 2009: \$Nil; 2008: \$Nil).

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The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Total \$'000	Contractual cash flows (including interest payments)		
			Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
At December 31, 2008					
Secured bank loans	65,198	80,194	8,226	48,684	23,284
Secured notes	165,949	186,334	108,700	77,634	–
Loans from a related corporation	2,759,920	2,872,654	1,290,163	1,582,491	–
Loan from holding company	12,000	12,000	12,000	–	–
Trade and other payables*	438,777	438,777	438,777	–	–
Security deposits (non-current)	25,901	25,901	–	25,901	–
	<u>3,467,745</u>	<u>3,615,860</u>	<u>1,857,866</u>	<u>1,734,710</u>	<u>23,284</u>
At December 31, 2009					
Secured bank loans	442,117	489,169	29,979	420,536	38,654
Secured notes	60,776	63,924	63,924	–	–
Trade and other payables*	347,379	351,125	351,125	–	–
Security deposits (non-current)	23,105	23,105	–	20,982	2,123
	<u>873,377</u>	<u>927,323</u>	<u>445,028</u>	<u>441,518</u>	<u>40,777</u>
At December 31, 2010					
Secured bank loans	102,475	127,271	18,151	71,287	37,833
Unsecured bank loans	248,140	256,169	3,010	253,159	–
Unsecured notes	349,337	441,927	8,901	55,338	377,688
Trade and other payables*	264,936	264,936	264,936	–	–
Security deposits (non-current)	5,950	5,950	–	3,226	2,724
Interest rate swaps (non-current)	344	614	321	293	–
	<u>971,182</u>	<u>1,096,867</u>	<u>295,319</u>	<u>383,303</u>	<u>418,245</u>
At June 30, 2011					
Secured bank loans	93,047	115,830	18,559	67,263	30,008
Unsecured bank loans	248,674	253,751	152,719	101,032	–
Secured notes	81,258	97,894	3,371	94,523	–
Unsecured notes	349,381	435,071	13,863	55,338	365,870
Unsecured retail bonds	199,759	207,304	78,114	129,190	–
Trade and other payables*	164,149	164,149	164,149	–	–
Interest rate swaps (current)	338	475	475	–	–
Security deposits (non-current)	8,831	8,831	–	6,493	2,338
	<u>1,145,437</u>	<u>1,283,305</u>	<u>431,250</u>	<u>453,839</u>	<u>398,216</u>

Company	Carrying amount \$'000	Total \$'000	Contractual cash flows (including interest payments)		
			Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
At December 31, 2008					
Loan from holding company . . .	12,000	12,000	12,000	–	–
Trade and other payables* . . .	218,103	218,103	218,103	–	–
	230,103	230,103	230,103	–	–
At December 31, 2009					
Trade and other payables* . . .	182,341	182,341	182,341	–	–
At December 31, 2010					
Trade and other payables* . . .	235,200	235,200	235,200	–	–
At June 30, 2011					
Trade and other payables* . . .	238,146	238,146	238,146	–	–

* Excludes advance payments received, liability for employee benefits and interest rate swaps.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(e) Fair value

The following methods and assumptions are used to estimate the fair values of the following significant classes of financial instruments:

(i) Derivatives

The fair value of derivatives financial instruments is based on their market prices or brokers' quotes.

(ii) Available-for-sale investments

Fair values are based on quoted bid prices where available, without any deduction for transaction costs, with the exception of those equity securities which are not traded in an active market. The fair value of such security is determined using a valuation technique.

(iii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the balance sheet date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At December 31, 2008				
Available-for-sale investments	113,071	–	–	113,071
At December 31, 2009				
Available-for-sale investments	–	–	200,028	200,028
At December 31, 2010				
Available-for-sale investments	–	–	378,653	378,653
Interest rate swaps	–	344	–	344
At June 30, 2011				
Available-for-sale investments	–	–	387,519	387,519
Interest rate swaps	–	338	–	338

During the Relevant Period, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

Available-for-sale investments – Level 3:

	Group			
	At December 31,			At June 30,
	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
At January 1	–	–	200,028	378,653
Purchases during the year/period	–	190,147	162,591	6,593
Total gains in other comprehensive income	–	9,881	25,936	18,136
Translation differences	–	–	(9,902)	(15,863)
At December 31/June 30	–	200,028	378,653	387,519

The available-for-sale investments that are recorded in the Level 3 category comprise an effective 17.1% unquoted equity interest in a company which owns an investment property, Raffles City Changning and a 15% unquoted equity interest in Raffles City China Fund. The fair value of these investments as at the reporting date was determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the entity to which the financial instrument relates. The assets held by the relevant entities comprise mainly properties whose fair values were determined by independent licensed appraisers. The fair values of the properties were based on market values determined using the discounted cash flow, direct comparison and residual methods.

Accounting classifications and fair values

Fair values versus carrying amounts

	Note	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group						
At December 31, 2008						
Available-for-sale equity						
securities	9	–	113,071	–	113,071	113,071
Other assets	11	1,338	–	–	1,338	1,338
Trade and other						
receivables ¹	12	305,729	–	–	305,729	305,729
Cash and cash						
equivalents	13	138,060	–	–	138,060	138,060
		<u>445,127</u>	<u>113,071</u>	<u>–</u>	<u>558,198</u>	<u>558,198</u>
Secured bank loans . . .	16	–	–	(65,198)	(65,198)	(65,198)
Secured notes	16	–	–	(165,949)	(165,949)	(165,949)
Loan from a related						
corporation	16	–	–	(2,759,920)	(2,759,920)	(2,759,920)
Loan from holding						
company	16	–	–	(12,000)	(12,000)	(12,000)
Security deposits						
(non-current)	17	–	–	(25,901)	(25,901)	(25,901)
Trade and other						
payables ²	18	–	–	(438,777)	(438,777)	(438,777)
		<u>–</u>	<u>–</u>	<u>(3,467,745)</u>	<u>(3,467,745)</u>	<u>(3,467,745)</u>

¹ Excludes prepayments

² Excludes advance payment received and liability for employee benefits

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	Note	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group						
At December 31, 2009						
Available-for-sale equity						
securities	9	–	200,028	–	200,028	200,028
Other assets	11	730	–	–	730	730
Trade and other						
receivables ¹	12	435,095	–	–	435,095	435,095
Cash and cash						
equivalents.	13	544,306	–	–	544,306	544,306
		<u>980,131</u>	<u>200,028</u>	<u>–</u>	<u>1,180,159</u>	<u>1,180,159</u>
Secured bank loans	16	–	–	(442,117)	(442,117)	(442,117)
Secured notes	16	–	–	(60,776)	(60,776)	(60,776)
Security deposits						
(non-current)	17	–	–	(23,105)	(23,105)	(23,105)
Trade payables ²	18	–	–	(347,379)	(347,379)	(347,379)
		<u>–</u>	<u>–</u>	<u>(873,377)</u>	<u>(873,377)</u>	<u>(873,377)</u>

¹ Excludes prepayments

² Excludes advance payment received and liability for employee benefits

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	Note	Fair value – hedging instruments \$'000	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group							
At December 31, 2010							
Available-for-sale equity							
securities	9	–	–	378,653	–	378,653	378,653
Other assets	11	–	16,869	–	–	16,869	16,869
Trade and other receivables ¹	12	–	476,941	–	–	476,941	476,941
Cash and cash equivalents . .	13	–	1,318,312	–	–	1,318,312	1,318,312
		<u>–</u>	<u>1,812,122</u>	<u>378,653</u>	<u>–</u>	<u>2,190,775</u>	<u>2,190,775</u>
Secured bank loans	16	–	–	–	(102,475)	(102,475)	(102,475)
Unsecured bank loans	16	–	–	–	(248,140)	(248,140)	(248,140)
Unsecured notes	16	–	–	–	(349,337)	(349,337)	(335,615)
Security deposits							
(non-current)	17	–	–	–	(5,950)	(5,950)	(5,950)
Interest rate swaps							
(non-current)	17	(344)	–	–	–	(344)	(344)
Trade and other payables ² . .	18	–	–	–	(264,936)	(264,936)	(264,936)
		<u>(344)</u>	<u>–</u>	<u>–</u>	<u>(970,838)</u>	<u>(971,182)</u>	<u>(957,460)</u>

¹ Excludes prepayments

² Excludes advance payment received and liability for employee benefits

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	Note	Fair value – hedging instruments \$'000	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group							
At June 30, 2011							
Available-for-sale equity							
securities	9	–	–	387,519	–	387,519	387,519
Other assets	11	–	33,523	–	–	33,523	33,523
Trade and other receivables ¹	12	–	160,496	–	–	160,496	160,496
Cash and cash equivalents . .	13	–	1,191,614	–	–	1,191,614	1,191,614
		–	1,385,633	387,519	–	1,773,152	1,773,152
Secured bank loans	16	–	–	–	(93,047)	(93,047)	(93,047)
Unsecured bank loans	16	–	–	–	(248,674)	(248,674)	(248,674)
Secured notes	16	–	–	–	(81,258)	(81,258)	(81,258)
Unsecured notes	16	–	–	–	(349,381)	(349,381)	(361,655)
Unsecured retail bonds	16	–	–	–	(199,759)	(199,759)	(200,050)
Security deposits							
(non-current)	17	–	–	–	(8,831)	(8,831)	(8,831)
Trade and other payables ² . .	18	–	–	–	(164,149)	(164,149)	(164,149)
Interest rate swaps (current).	18	(338)	–	–	–	(338)	(338)
		(338)	–	–	(1,145,099)	(1,145,437)	(1,158,002)

1 Excludes prepayments

2 Excludes advance payment received, liability for employee benefits and interest rate swaps

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	Note	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Company						
At December 31, 2008						
Trade and other receivables ¹	12	791,143	-	-	791,143	791,143
Cash and cash equivalents.	13	5,624	-	-	5,624	5,624
		<u>796,767</u>	<u>-</u>	<u>-</u>	<u>796,767</u>	<u>796,767</u>
Trade and other payables ²	18	-	-	(218,103)	(218,103)	(218,103)
		<u>-</u>	<u>-</u>	<u>(218,103)</u>	<u>(218,103)</u>	<u>(218,103)</u>
At December 31, 2009						
Trade and other receivables ¹	12	1,834,500	-	-	1,834,500	1,834,500
Cash and cash equivalents.	13	355,415	-	-	355,415	355,415
		<u>2,189,915</u>	<u>-</u>	<u>-</u>	<u>2,189,915</u>	<u>2,189,915</u>
Trade and other payables ²	18	-	-	(182,341)	(182,341)	(182,341)
		<u>-</u>	<u>-</u>	<u>(182,341)</u>	<u>(182,341)</u>	<u>(182,341)</u>
At December 31, 2010						
Trade and other receivables ¹	12	2,161,760	-	-	2,161,760	2,161,760
Cash and cash equivalents.	13	927	-	-	927	927
		<u>2,162,687</u>	<u>-</u>	<u>-</u>	<u>2,162,687</u>	<u>2,162,687</u>
Trade and other payables ²	18	-	-	(235,200)	(235,200)	(235,200)
		<u>-</u>	<u>-</u>	<u>(235,200)</u>	<u>(235,200)</u>	<u>(235,200)</u>
Company						
At June 30, 2011						
Trade and other receivables ¹	12	1,999,296	-	-	1,999,296	1,999,296
Cash and cash equivalents.	13	921	-	-	921	921
		<u>2,000,217</u>	<u>-</u>	<u>-</u>	<u>2,000,217</u>	<u>2,000,217</u>
Trade and other payables ²	18	-	-	(238,146)	(238,146)	(238,146)
		<u>-</u>	<u>-</u>	<u>(238,146)</u>	<u>(238,146)</u>	<u>(238,146)</u>

1 Excludes prepayments

2 Excludes advance payment received and liability for employee benefits

33 OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's divisions. For each of the divisions, management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Management business – Includes the provision of asset and project management, fund management and mall management services.
- Investment business – Includes investments in retail properties held directly through subsidiaries or through associates and jointly-controlled entities.

Others segment includes corporate office and group treasury. None of these segments meets any of the quantitative thresholds for determining reportable segments during the Relevant Period. Information regarding the results of each reportable segment is included below. Performance is measured based on segment earnings before finance costs and income tax ("EBIT"), as included in the internal management reports that are reviewed by the management. EBIT is used to measure performance as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(a) Operating segments

	Management business	Investment business	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2008					
External revenue	94,223	108,378	2,609	–	205,210
Inter-segment revenue	78,758	–	–	(78,758)	–
Total external revenue	172,981	108,378	2,609	(78,758)	205,210
<i>Segment results</i>					
Company and subsidiaries	53,495	130,823	(28,295)	–	156,023
Associates	–	152,643	–	–	152,643
Jointly-controlled entities	(1,467)	(1,531)	–	–	(2,998)
EBIT	52,028	281,935	(28,295)	–	305,668
Finance costs					(158,296)
Income tax expense	(1,807)	(21,278)	(6,222)	–	(29,307)
Profit for the year					118,065
Total assets as at December 31, 2008	236,599	4,737,980	150,722	–	5,125,301
Total liabilities as at December 31, 2008	211,980	3,187,375	140,945	–	3,540,300
Other segment items:					
Interest in associates	–	2,746,561	–	–	2,746,561
Interest in jointly-controlled entities	(2,028)	243,632	–	–	241,604
					314,642
Capital expenditure	3,256	307,472	3,914	–	

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	Management business	Investment business	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
External revenue	91,675	135,161	2,110	–	228,946
Inter-segment revenue	74,685	–	–	(74,685)	–
Total external revenue	166,360	135,161	2,110	(74,685)	228,946
<i>Segment results</i>					
Company and subsidiaries	55,513	23,656	(47,563)	–	31,606
Associates	–	(46,705)	–	–	(46,705)
Jointly-controlled entities	(4,614)	428,061	–	–	423,447
EBIT	50,899	405,012	(47,563)	–	408,348
Finance costs	–	–	–	–	(111,430)
Income tax expense	(3,924)	(17,509)	(1,260)	–	(22,693)
Profit for the year					274,225
Total assets as at December 31, 2009	287,209	5,726,386	363,395	–	6,376,990
Total liabilities as at December 31, 2009	164,563	795,527	23,446	–	983,536
Other segment items:					
Interest in associates	–	2,999,393	–	–	2,999,393
Interest in jointly-controlled entities	(6,261)	681,659	–	–	675,398
Capital expenditure	2,621	89,321	1,493	–	93,435

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	Management business	Investment business	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2010					
External revenue	149,056	94,285	2,061	–	245,402
Inter-segment revenue	104,712	–	–	(104,712)	–
Total external revenue	253,768	94,285	2,061	(104,712)	245,402
<i>Segment results</i>					
Company and subsidiaries	59,546	94,166	(26,184)	–	127,528
Associates	–	112,824	–	–	112,824
Jointly-controlled entities	7,506	355,554	–	–	363,060
EBIT	67,052	562,544	(26,184)	–	603,412
Finance costs	–	–	–	–	(25,603)
Income tax expense	(8,162)	(22,142)	1,433	–	(28,871)
Profit for the year					548,938
Total assets as at December 31, 2010	172,932	4,617,544	2,191,701	–	6,982,177
Total liabilities as at December 31, 2010	65,690	390,822	637,435	–	1,093,947
Other segment items:					
Interest in associates	–	3,119,729	–	–	3,119,729
Interest in jointly-controlled entities	1,390	1,042,266	–	–	1,043,656
Capital expenditure	3,327	89,083	2,732	–	95,142

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	Management business	Investment business	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
June 30, 2010					
External revenue	74,278	72,173	1,193	-	147,644
Inter-segment revenue	39,938	-	-	(39,938)	-
Total external revenue	114,216	72,173	1,193	(39,938)	147,644
Segment results					
Company and subsidiaries	30,878	65,686	(12,956)	-	83,608
Associates	-	2,445	-	-	2,445
Jointly-controlled entities	656	88,800	-	-	89,456
EBIT	31,534	156,931	(12,956)	-	175,509
Finance costs	-	-	-	-	(13,632)
Income tax expense	(2,851)	(3,488)	(6,482)	-	(12,821)
Profit for the period					149,056
June 30, 2011					
External revenue	88,102	24,273	656	-	113,031
Inter-segment revenue	53,835	-	-	(53,835)	-
Total external revenue	141,937	24,273	656	(53,835)	113,031
Segment results					
Company and subsidiaries	32,894	79,020	(24,638)	-	87,276
Associates	-	118,736	-	-	118,736
Jointly-controlled entities	(947)	72,575	-	-	71,628
EBIT	31,947	270,331	(24,638)	-	277,640
Finance costs	-	-	-	-	(16,050)
Income tax expense	(7,132)	(17,510)	(7,361)	-	(32,003)
Profit for the period					229,587
Total assets as at June 30, 2011. . .	149,031	4,969,196	2,259,624	-	7,377,851
Total liabilities as at June 30, 2011	50,181	353,310	870,777	-	1,274,268
Other segment items:					
Interest in associates	-	3,264,767	-	-	3,264,767
Interest in jointly-controlled entities	681	910,204	-	-	910,885
Capital expenditure	2,456	297,624	1,426	-	301,506

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(b) Geographical information

	Singapore	China	Japan	Malaysia	India	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2008						
External revenue	81,813	63,705	711	58,981	–	205,210
As at December 31, 2008						
Non-current assets	1,968,157	1,611,639	146,012	820,270	134,491	4,680,569
Total assets	2,015,869	1,943,636	157,072	872,222	136,502	5,125,301
2009						
External revenue	84,332	62,879	2,144	79,134	457	228,946
As at December 31, 2009						
Non-current assets	2,729,894	1,576,297	130,711	824,746	135,023	5,396,671
Total assets	3,251,981	1,954,813	139,866	893,032	137,298	6,376,990
2010						
External revenue	108,679	78,680	4,699	49,520	3,824	245,402
As at December 31, 2010						
Non-current assets	2,768,878	1,885,777	121,600	250,536	138,793	5,165,584
Total assets	3,924,605	2,271,952	130,868	508,563	146,189	6,982,177
June 30, 2010						
External revenue	58,302	42,746	2,440	42,312	1,844	147,644
June 30, 2011						
External revenue	51,840	46,213	2,136	10,811	2,031	113,031
As at June 30, 2011						
Non-current assets	2,657,951	2,535,066	101,311	548,616	132,934	5,975,878
Total assets	3,714,960	2,802,308	110,544	610,127	139,912	7,377,851

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of subsidiaries. Segment assets are based on the geographical location of the assets.

34 SUBSIDIARIES

As at June 30, 2011, the Company has direct and indirect interests in the following subsidiaries:

<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u>	<u>Principal activities</u>
			%	
Albert Complex Pte Ltd	Singapore, November 17, 1989	\$457,000	100	Investment holding
Capita Card Pte. Ltd.	Singapore, October 6, 2005	\$1	100	Promotion of Co-Brand cards
CapitaLand Retail (BJ) Investments Pte. Ltd.	Singapore, March 2, 2005	\$1	100	Investment holding
CapitaLand Retail (BJ1) Holdings Pte. Ltd.	Singapore, April 25, 2005	\$1	100	Investment holding
¹ CapitaLand Retail BJI (M) Limited	Mauritius, July 15, 2005	US\$1	100	Investment holding
CapitaLand Retail (MY) Pte. Ltd.	Singapore, July 11, 2007	\$1	100	Investment holding
CapitaLand Retail (SI) Investments Pte. Ltd.	Singapore, September 3, 1990	\$114,358,242	100	Investment holding
CapitaLand Retail China Pte. Ltd.	Singapore, November 14, 1989	\$6,460,000 (ordinary) \$5,410,000 (preference)	100	Investment holding
CapitaLand Retail Hong Kong Investments Pte. Limited	Singapore, November 10, 2004	\$1	100	Investment holding
⁷ CapitaLand Retail Hong Kong Investments Two (BV) Limited	British Virgin Islands, September 15, 2005	US\$1	100	Investment holding
CapitaLand Retail India Investments Pte. Ltd.	Singapore, December 8, 2004	\$1	100	Investment holding
CapitaLand Retail India Pte. Ltd.	Singapore, April 13, 2006	\$1	100	Investment holding

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
CapitaLand Retail Investments (SY) Pte. Ltd.	Singapore, October 14, 2005	\$1	100	Investment holding
CapitaLand Retail Japan Investments Pte. Ltd.	Singapore, March 30, 2005	\$1	100	Investment holding
⁷ CapitaLand Retail Management Kabushiki Kaisha	Japan, August 7, 2006	JPY70,000,000	100	Property management
CapitaLand Retail Management Pte Ltd	Singapore, April 28, 1992	\$1,000,000	100	Property management
CapitaLand Retail Project Management Pte. Limited	Singapore, November 9, 2004	\$2	100	Project management
³ CapitaLand Retail Property Management India Private Limited	India, November 2, 2007	Indian Rupee ("INR") 132,000,000	100	Property management
CapitaLand Retail Singapore Investments Pte. Ltd.	Singapore, May 6, 2005	\$1	100	Investment holding
CapitaLand Retail Singapore Investments Two Pte. Ltd.	Singapore, February 24, 2006	\$1	100	Investment holding
⁸ CapitaLand SZITIC (Shenzhen) Property Management Co., Ltd.	The People's Republic of China ("PRC"), August 29, 2005	RMB1,500,000	51	Property management
⁴ CapitaLand Retail (Beijing) Facilities & Projects Consulting Co., Ltd	PRC, March 16, 2007	US\$10,000,000	100	Project management
⁴ CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd	PRC, December 10, 2002	US\$11,840,000	100	Property management
CapitaLand Retail RECM Pte. Ltd.	Singapore, December 27, 2004	\$1	100	Investment holding

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
CapitaRetail China Investments Pte. Ltd.	Singapore, December 10, 2004	\$1	100	Investment holding
⁵ CapitaRetail Gurney Sdn. Bhd.	Malaysia, June 25, 2007	Ringgit Malaysia ("RM") 2	100	Property investment (Dormant)
⁴ CapitaMalls Chongqing Investment Co., Ltd.	PRC, May 30, 2002	RMB83,000,000	73	Property investment
Clarke Quay Pte Ltd	Singapore, December 9, 1989	\$45,000,000	100	Property investment (Dormant)
⁴ CapitaMalls Foshan City Nanhai Commercial Property Co., Ltd.	PRC, July 14, 2004	RMB100,000,000	73	Property investment
Gain 888 Investments Pte. Ltd.	Singapore, September 5, 2007	\$1	100	Investment holding
⁴ CapitaMalls Hunan Commercial Property Co., Ltd.	PRC, August 14, 2003	RMB127,000,000	73	Property investment
⁸ Kaimao (Beijing) Investment and Consulting Co., Ltd. (liquidated)	PRC, November 7, 2007	US\$1,500,000	100	Property management
⁴ CapitaMalls Maoming City Commercial Property Co., Ltd.	PRC, October 21, 2004	RMB72,000,000	73	Property investment
⁵ Mutual Streams Sdn. Bhd.	Malaysia, June 29, 2007	RM2	100	Property investment (Dormant)
One Trust	Singapore, September 3, 2007	\$10	100	Property investment
Plaza Singapura (Private) Limited	Singapore, August 7, 1982	\$175,000,000	100	Investment holding (Dormant)

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
Premier Healthcare Services International Pte Ltd	Singapore, July 22, 1995	\$300,000	100	Investment holding
Pronto Investment One Pte. Ltd.	Singapore, July 27, 2007	\$1	100	Investment holding
Pyramex Investments Pte Ltd	Singapore, July 26, 2001	\$2	100	Investment holding
Retail Crown Pte. Ltd.	Singapore, September 28, 2006	\$1	100	Investment holding
Retail Galaxy Pte. Ltd.	Singapore, July 11, 2007	\$1	100	Investment holding
⁵ Vast Winners Sdn. Bhd.	Malaysia, November 21, 2007	RM2	100	Property investment (Dormant)
⁴ CapitaMalls Zhangzhou Commercial Property Co., Ltd.	PRC, August 13, 2004	RMB85,000,000	73	Property investment
CapitaMall Trust Management Limited	Singapore, September 19, 2001	\$1,000,000	100	Real Estate Investment Trust ("REIT") management
CapitaMalls Japan Fund Management Private Limited (formerly CapitaRetail Japan Fund Management Private Limited)	Singapore, December 19, 2003	\$2	100	Fund management
CapitaRetail Singapore Management Pte. Ltd.	Singapore, December 27, 2002	\$100,000	100	Investment and fund management (Dormant)
CapitaMalls China Fund Management Pte. Ltd. (formerly CapitaRetail China Fund Management Pte. Ltd.)	Singapore, June 23, 2005	\$1	100	Fund management
CapitaRetail China Trust Management Limited	Singapore, August 1, 2006	\$4,250,000	100	REIT management

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
CapitaLand Retail Trustee Pte. Ltd.	Singapore, June 23, 2005	\$1	100	Investment holding
⁷ Retail RECM (BVI) Limited	British Virgin Islands, September 29, 2006	US\$1	100	Investment holding
One Trustee Pte. Ltd.	Singapore, August 29, 2007	\$1	100	Investment holding
CapitaMalls India Fund Management Pte. Ltd. (formerly CapitaRetail India Fund Management Pte. Ltd.)	Singapore, September 20, 2007	\$2	100	Fund management
⁵ CapitaMalls Malaysia REIT Management Sdn. Bhd.	Malaysia, May 28, 2008	RM1,000,000	70	REIT management
⁴ CapitaRetail (Beijing) Investment Consulting Co., Ltd.	PRC, March 9, 2007	US\$300,000	100	Management consultancy
Victoria City Pte Ltd	Singapore, June 27, 1990	\$1,000,000	100	Investment holding
⁷ CMA RCCF Investment (BVI) Limited	British Virgin Islands, April 18, 2008	US\$1	100	Investment holding
⁵ CapitaLand Retail Malaysia Sdn. Bhd.	Malaysia, December 19, 2008	RM500,000	100	Project management
⁵ Luxury Ace Sdn. Bhd.	Malaysia, April 28, 2009	RM2	100	Investment holding
CapitaMalls Asia Treasury Limited	Singapore, January 13, 2010	\$10,000,000	100	Provision of financial and treasury services
⁷ Menang Investment Limited	British Virgin Islands, February 2, 2010	US\$1	100	Investment holding
⁵ CMMT Investment Limited	Malaysia, June 8, 2010	US\$318,655	100	Investment holding
Brilliance Trustee Pte. Ltd.	Singapore, June 22, 2010	\$1	100	Trust services

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
CMA Singapore Investments (3) Pte. Ltd.	Singapore, June 22, 2010	\$1	100	Investment holding
⁹ CMA Singapore Investments (4) Pte. Ltd.	Singapore, August 17, 2010	\$1	100	Investment holding
⁹ CMA Singapore Investments (5) Pte. Ltd.	Singapore, August 17, 2010	\$1	100	Investment holding
⁹ JG Trustee Pte. Ltd.	Singapore, August 17, 2010	\$1	100	Trust services
CMA China II Pte. Ltd.	Singapore, August 24, 2010	\$1	100	Investment holding
⁷ CMA China II (BVI) Holdings Limited	British Virgin Islands, August 10, 2010	US\$1	100	Investment holding
⁷ Cressida Enterprises Limited	British Virgin Islands, August 10, 2010	US\$1	100	Investment holding
⁶ Magic Bright Investments Limited	Hong Kong, July 6, 2010	HK\$1	100	Investment holding
Omnitrix Investment Pte. Ltd.	Singapore, September 3, 2010	\$1	100	Investment holding
⁹ CMA Japan Holdings Pte. Ltd.	Singapore, November 2, 2010	\$1	100	Investment holding
⁵ Success Idea Sdn. Bhd.	Malaysia, September 7, 2010	RM2	100	Property investment
⁵ Scenic Growth Sdn. Bhd.	Malaysia, September 7, 2010	RM2	100	Property investment

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
⁵ Special Coral Sdn Bhd	Malaysia, August 16, 2010	RM2	100	Property investment
⁵ Milky Way Properties Berhad	Malaysia, June 4, 2008	RM2	100	Property investment
⁷ Better Value Holdings Limited	British Virgin Islands, November 30, 2010	US\$1	100	Investment holding
⁷ Exuberant Holdings Limited	British Virgin Islands, November 30, 2010	US\$1	100	Investment holding
⁶ CapitaRetail China Developments D18 (HK) Limited	Hong Kong, May 3, 2007	HK\$1	100	Investment holding
⁶ Growing State Holdings Limited	Hong Kong, May 16, 2007	HK\$1	100	Investment holding
⁴ Rongyue Chengdu Real Estate Co., Ltd.	PRC, September 8, 2008	RMB250,000,000	100	Real Estate Investment and management
⁴ Chengdu Huayun Jiangnan Real Estate Development Co., Ltd.	PRC, January 10, 2008	\$112,000,000	100	Real Estate Investment and management
⁴ CapitaMalls Beijing Business Co., Ltd.	PRC, December 14, 2009	US\$75,000	100	Investment and consultancy services
⁹ Jupiter Retail Pte. Ltd.	Singapore, January 26, 2011	\$1	100	Investment holding
⁹ JG2 Trustee Pte. Ltd. (formerly Jewel Trustee Pte. Ltd.)	Singapore, February 14, 2011	\$1	100	Trust services
⁹ CMA Singapore Investments (6) Pte. Ltd.	Singapore, February 14, 2011	\$1	100	Investment holding
⁷ Abbey Road Limited	Cayman Islands, December 7, 2005	US\$10,000	68.75	Investment holding

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<u>Name of company</u>	<u>Place and date of establishment</u>	<u>Issued and fully paid-up share capital/ registered capital</u>	<u>Attributable equity interest held</u> %	<u>Principal activities</u>
⁶ Sky Vision (Hong Kong) Limited	Hong Kong, March 21, 2006	HK\$2	68.75	Investment holding
⁴ Shanghai Yongwei Real Estate Co., Ltd	PRC, December 15, 2006	US\$202,650,000	66	Property investment
⁹ CMA Singapore I Pte. Ltd	Singapore, May 23, 2011	\$1	100	Investment holding
⁷ Chisholme Limited	British Virgin Islands, May 18, 2011	US\$1	100	Investment holding
⁷ Progressive Alliance Holdings Limited	British Virgin Islands, April 28, 2011	US\$1	100	Investment holding
⁷ Navin Holdings Limited	British Virgin Islands, May 25, 2011	US\$1	100	Investment holding
⁹ Big Earning Enterprises Limited	Hong Kong, June 3, 2011	HK\$1	100	Investment holding
⁹ Fast Action Investments Limited	Hong Kong, June 3, 2011	HK\$1	100	Investment holding
⁹ Giant Castle Investments Limited	Hong Kong, June 3, 2011	HK\$1	100	Investment holding

Notes:

All subsidiaries are audited by KPMG LLP Singapore from the first year which statutory audit is required except for the following:

- 1 Audited by KPMG Mauritius (a member firm of KPMG International) from the first year which statutory audit is required
- 2 Audited by KPMG AZSA LLC (a member firm of KPMG International) from the first year which statutory audit is required
- 3 Audited by BSR and Co (a member firm of KPMG International) from the first year which statutory audit is required
- 4 Audited by KPMG China (a member firm of KPMG International) from the first year which statutory audit is required
- 5 Audited by KPMG Malaysia (a member firm of KPMG International) from the first year which statutory audit is required
- 6 Audited by KPMG Hong Kong (a member firm of KPMG International) from the first year which statutory audit is required
- 7 Not required to be audited by laws of country of incorporation
- 8 In the process of being liquidated
- 9 Not required to be audited as the entity is newly incorporated

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35 ASSOCIATES

Details of associates are as follows:

Name of associates	Place and date of establishment	Issued and fully paid-up share capital/ registered capital	Attributable equity interest held %	Principal activities
CapitaMall Trust	Singapore, October 29, 2001	Not applicable	29.72	REIT
CapitaMalls Japan Fund Private Limited (formerly CapitaRetail Japan Fund Private Limited)	Singapore, April 15, 2004	\$2 (ordinary) JPY39,740,000,000 (preference)	26.29	Investment holding
CapitaLand (RCS) Property Management Pte. Ltd.	Singapore, December 9, 2005	\$10	40.00	Property management
CapitaRetail China Trust	Singapore, October 23, 2006	Not applicable	26.97	REIT
CapitaMalls China Income Fund (formerly CapitaRetail China Development Fund)	Singapore, June 6, 2006	US\$819,235,000	45.00	Property investment
CapitaMalls China Development Fund II (formerly CapitaRetail China Development Fund II)	Singapore, September 6, 2007	\$900,000,000	45.00	Property investment
CapitaMalls China Incubator Fund (formerly CapitaRetail China Incubator Fund)	Singapore, June 6, 2006	US\$425,000,000	30.00	Property investment
CapitaMalls India Development Fund (formerly CapitaRetail India Development Fund)	Singapore, November 22, 2007	\$276,300,003	45.45	Property investment
¹ Horizon Realty Fund, LLC	Mauritius, September 5, 2005	US\$35,100	21.43	Investment holding
² CapitaMalls Malaysia Trust	Malaysia, June 7, 2010	Not applicable	41.74	REIT

Notes:

All associates are audited by KPMG LLP Singapore from the first year which statutory audit is required except for the following:

- 1 Audited by Ernst and Young and its associated firms from the first year which statutory audit is required
- 2 Audited by KPMG Malaysia (a member firm of KPMG International) from the first year which statutory audit is required

36 JOINTLY-CONTROLLED ENTITIES

Details of jointly-controlled entities are as follows:

Name of jointly-controlled entities	Place and date of establishment	Issued and fully paid-up share capital/ registered capital	Attributable equity interest held %	Principal activities
¹ CapitaLand Hualian Management & Consulting (Beijing) Co., Ltd.	PRC, November 30, 2005	RMB1,000,000	50	Property management and consultancy services
² CapitaLand Retail Prestige Mall Management Private Limited	India, October 7, 2008	INR50,000,000	50	Property management
Orchard Turn Holding Pte. Ltd.	Singapore, December 22, 2005	\$2	50	Investment holding
ION Orchard Link Pte. Ltd.	Singapore, June 11, 2010	\$2	50	Investment holding
Brilliance Residential (1) Pte. Ltd.	Singapore, August 13, 2010	\$1,000,000	50	Real Estate Developer
³ Brilliance Mall Trust	Singapore, September 1, 2010	\$2	50	Property Development
³ Jewel Residential (1) Pte. Ltd.	Singapore, November 11, 2011	\$2	50	Real Estate Developer
³ Infinity Mall Trust	Singapore, May 25, 2011	\$100	50	Property Development
³ Infinity Office Trust	Singapore, May 25, 2011	\$100	50	Property Development

Notes:

All jointly-controlled entities are audited by KPMG LLP Singapore from the first year which statutory audit is required except for the following:

- 1 Audited by KPMG China (a member firm of KPMG International) from the first year which statutory audit is required
- 2 Audited by BSR and Co (a member firm of KPMG International) from the first year which statutory audit is required
- 3 Not required to be audited as the entity is newly incorporated

37 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- Amendments to FRS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Improvements to FRSs 2010

The Group is presently assessing the impact of the adoption of these standards (and its consequential amendments) and interpretations. The Group has not considered the impact of accounting standards issued after the balance sheet date.

38 STATEMENT OF RECONCILIATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial information have been prepared in accordance with FRS, which differs in certain respects from International Financial Reporting Standards (“IFRS”). With respect to the Group’s operations, there are no material differences between FRS and IFRS.

39 COMPARATIVE INFORMATION

The comparative financial information of the Underlying Financial Statements in respect of share of results (net of tax) of associates and income tax expense have been adjusted to take into account the reclassification of tax payable arising from distribution received from an associate to income tax expense to conform with current period’s presentation. The directors are of the view that the reclassification of such tax liability as income tax expense during the current financial year is more appropriate and relevant in the financial information.

The effects of the adjustments to the Underlying Financial Statements on the Group’s financial information are set out below:

	December 31, 2008		December 31, 2009		December 31, 2010	
	As adjusted	As reported in Underlying Financial Statements	As adjusted	As reported in Underlying Financial Statements	As adjusted	As reported in Underlying Financial Statements
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated income statements						
Share of results (net of tax) of associates . . .	152,643	146,673	(46,705)	(53,371)	112,824	101,275
Income tax expense . . .	(29,307)	(23,337)	(22,693)	(16,027)	(28,871)	(17,322)
	123,336	123,336	(69,398)	(69,398)	83,953	83,953

Since the adjustment only impacts the presentation and disclosure aspects, there is no impact on earnings per share.

C SUBSEQUENT EVENTS

- (a) On August 18, 2011, the Group entered into two separate conditional agreements to increase its property interest in Minhang Plaza and Hongkou Plaza through 50-50 joint ventures with CapitaMalls China Incubator Fund and CapitaMalls China Income Fund respectively. The Group presently has jointly-held effective stake of 15% and 22.5% in Minhang Plaza and Hongkou Plaza respectively. The purchase consideration for the additional property interests for Minhang Plaza and Hongkou Plaza are US\$262.6 million (equivalent to approximately S\$316.0 million) and US\$526.4 million (equivalent to approximately S\$633.7 million) respectively. Following the acquisition, the Company's jointly-held effective stake in Minhang Plaza and Hongkou Plaza will be increased to 65.0% and 72.5% respectively. The Group's investment in these two projects would be equity-accounted as the Group holds its effective stakes for these two projects through joint ventures with CapitaMalls China Incubator Fund and CapitaMalls China Income Fund. The proposed acquisitions are subject to relevant governmental approvals and other conditions, including acquisition of remaining 50% interest in the respective property holding company.
- (b) Subsequent to the period ended June 30, 2011, the directors declared an interim dividend of 1.5 cents per share for the period ended June 30, 2011. Cash dividend of \$58.3 million was paid on September 16, 2011.
- (c) On September 28, 2011 the Group entered into a conditional agreement with an unrelated party to jointly develop a mixed office and retail development in Suzhou Centre, PRC, by way of a 50-50 joint venture. The Group and the joint venture partner will each have a 50% interest in the investment through their respective 50% equity interest in the proposed joint venture. Based on the Group's 50% interest in the proposed joint venture, its share of the total development cost is RMB3,370.0 million (equivalently to approximately S\$637.0 million). The proposed investment is subject to relevant governmental approvals and other conditions.

D SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to June 30, 2011.

Yours faithfully

KPMG LLP

Public Accountants and Certified Public Accountants
Singapore

As mentioned in the section of this listing document headed “Waivers – Share Repurchase and Treasury Shares,” our Company and HKEx have agreed to a list of modifications to a number of HKEx Listing Rules necessary to enable our Company to hold our current and future treasury shares. The modifications to the HKEx Listing Rules also reflect various consequential matters to deal with the fact that our Company may hold treasury shares in the future.

The amendments and insertions which have been made to the HKEx Listing Rules are set out below. For ease of reference and where appropriate, the full text of the HKEx Listing Rules altered or inserted has also been reproduced and the principal amendments and insertions put in bold and underlined or denoted with strikethroughs.

The full text of the HKEx Listing Rules can be located on the HKEx’s website on <http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/listrules.htm>.

For further information and the general characteristics of treasury shares, please refer to “Appendix IX – Description of Relevant Laws and Regulations – Treasury Shares” to this listing document.

Amendment and addition to Chapter 1 of the HKEx Listing Rules

The definition of “market capitalisation” contained in Chapter 1 of the HKEx Listing Rules is amended as such:

“Market capitalisation” means “the market value of the entire size of an issuer, which shall include all classes of securities of the issuer (**other than treasury shares**), irrespective of whether any such class(es) of securities are unlisted, or listed on other regulated market(s).”

In addition, the definition of “treasury shares” is added into Chapter 1 of the HKEx Listing Rules and reads as such:

“treasury shares”

“shares of an issuer which the issuer has purchased and holds as a member in the register of members of the issuer, in accordance with the laws of its jurisdiction of incorporation.”

Amendment to Chapter 2 of the HKEx Listing Rules

Chapter 2 of the HKEx Listing Rules contains the introduction of the HKEx Listing Rules. In relation to the general principles of the HKEx Listing Rules, Rule 2.03 of the HKEx Listing Rules is amended to read:

“The Exchange Listing Rules reflect currently acceptable standards in the market place and are designed to ensure that investors have and can maintain confidence in the market and in particular that:

- (1) ...
- (4) all holders of listed securities are treated fairly and equally (**disregarding for these purposes the issuer in its capacity as the holder of any treasury shares**);
...”

Amendment to Chapter 3 of the HKEx Listing Rules

Chapter 3 of the HKEx Listing Rules contains the rules relating to authorised representatives and directors. In relation to directors, Rule 3.13 of the HKEx Listing Rules is amended to read:

“In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:

- (1) holds more than 1% of the total issued share capital of the listed issuer (**excluding treasury shares**);
...”

Amendment to Chapter 3A of the HKEx Listing Rules

Chapter 3A of the HKEx Listing Rules contains the rules relating to sponsors and compliance advisers. In relation to the compliance adviser’s undertaking to the HKEx, Rule 3A.23 of the HKEx Listing Rules is amended to read:

“During the Fixed Period, a listed issuer must consult with and, if necessary, seek advice from its Compliance Adviser on a timely basis in the following circumstances:

- ...
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues, **sales of treasury shares out of treasury** and share repurchases;
...”

Amendments to Chapter 4 of the HKEx Listing Rules

Chapter 4 of the HKEx Listing Rules contains the rules relating to accountants’ reports and pro forma financial information. In relation to the basic contents of accountants’ report for a listing document, Rule 4.04 is amended to read:

“In the case of a new applicant (rule 4.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 4.01(2) the accountants’ report must include:

- ...
- (8) the earnings per share (**which, for the avoidance of doubt, will not take account of treasury shares**) and the basis of computation in respect of each of the financial years referred to in rules 4.04(1) and 4.04(2) except that the accountants’ report need not include this information if, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the accountants’ report or if combined results are presented in accordance with rule 4.09 or if the accountants’ report relates to an issue of debt securities;
...”

In relation to pro forma financial information, Rule 4.29 is amended to read:

“Where an issuer includes pro forma financial information in any document (whether or not such disclosure of pro forma financial information is required under the Exchange Listing Rules), that information must comply with rules 4.29(1) to (6) and a report in the terms of rule 4.29(7) must be included in the relevant document.

...

- (8) Where the pro forma earnings per share information is given for a transaction which includes the issue of securities **or the sale of treasury shares out of treasury for cash**, the calculation is to be based on the weighted average number of shares outstanding during the period (**other than treasury shares**), adjusted as if that issue had taken place at the beginning of the period.”

Amendments to Chapter 6 of the HKEx Listing Rules

Chapter 6 of the HKEx Listing Rules contains the rules relating to suspension, cancellation and withdrawal of listing. Rule 6.02 to Rule 6.10 of the HKEx Listing Rules contain the rules in relation to suspension of listing.

In particular, Rule 6.03 provides that “the burden shall be on the issuer requesting a suspension of trading in its securities to satisfy the Exchange that a suspension would be appropriate,” Rule 6.05 provides that “the duration of any suspension should be for the shortest possible period. It is the responsibility of the issuer of securities suspended from trading to ensure that trading in its securities resumes as soon as practicable following the publication of an appropriate announcement in accordance with rule 2.07C or when the specific reasons given by the issuer in support of its request for a suspension of trading in its securities, pursuant to rule 6.02, no longer apply.” while Rule 6.08 provides that “the power conferred upon the Exchange by Rule 6.07 shall not be exercised without first giving the issuer of the suspended securities the opportunity of being heard in accordance with Rule 2B.07(6). At any hearing in connection with a direction pursuant to Rule 6.07, the burden shall be on the issuer opposing the resumption of trading in its securities to satisfy the Exchange that a continued suspension would be appropriate.”

Note (1) to rules 6.03, 6.05 and 6.08 is amended to read:

“The Exchange is under an obligation to maintain a orderly and fair market for the trading of all Exchange listed securities and listed securities (**other than treasury shares**) should be continuously traded save in exceptional circumstances.”

Rule 6.11 to Rule 6.16 of the HKEx Listing Rules contain the rules relating to withdrawal of listing. In particular, Rule 6.15 of the HKEx Listing Rules is amended to read:

“An issuer may voluntarily withdraw its listing on the Exchange, irrespective of whether it has an alternative listing or not, if:

- (1) after a general offer a right to compulsory acquisition is exercised pursuant to applicable laws and regulations (the requirements of which are, where the issuer is not a company incorporated in Hong Kong, at least as onerous as those applicable if it were) resulting in the acquisition of all the listed securities of the issuer (**other than treasury shares**); or

...

and, in either case, it has given its shareholders notice of the proposed withdrawal of the listing by way of an announcement published in accordance with rule 2.07C and the intention not to retain the issuer’s listing on the Exchange has been stated in a circular to shareholders.”

Amendments to Chapter 7 of the HKEx Listing Rules

Chapter 7 of the HKEx Listing Rules deals with the various methods of listing of equity securities. In relation to rights issues, Rule 7.19 is amended to read:

“ ...

- (6) If the proposed rights issue would increase either the issued share capital (**excluding treasury shares**) or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period

immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities (**other than any such bonus securities to be issued into treasury**), warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):

- (a) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;
- (b) the issuer shall set out in the circular to shareholders the purpose of the proposed rights issue, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed rights issue, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and
- (c) the Exchange reserves the right to require the rights issue to be fully underwritten.”.

In relation to open offers, Rule 7.24(5) of the HKEx Listing Rules is amended to read:

“

- (5) If the proposed open offer would increase either the issued share capital (**excluding treasury shares**) or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities (**other than any such bonus securities to be issued into treasury**), warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):
 - (a) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;
 - (b) the issuer shall set out in the circular to shareholders the purpose of the proposed open offer, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed open offer, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and
 - (c) the Exchange reserves the rights to require the open offer to be fully underwritten.”

Amendments to Chapter 10 of the HKEx Listing Rules

Chapter 10 of the HKEx Listing Rules contains the rules relating to restrictions on purchase and subscription of equity securities. In relation to the restrictions on preferential treatment of purchase and subscription applications, Rule 10.01 of the HKEx Listing Rules is amended to read:

“Normally no more than ten per cent **of the aggregate** of any securities being marketed for which listing is sought **and/or any treasury shares being sold (but not any treasury shares being sold or transferred out of treasury for the purposes of an employees’ share scheme)** may be offered to employees or past employees of the issuer or its subsidiaries or associated companies and their respective dependants or any trust, provident fund or pension scheme for the benefit of such persons on a preferential basis (including selection under a placing in accordance with the placing guidelines set out in Appendix 6). Any preferential treatment must be approved by the Exchange prior to the marketing and the issuer concerned may be called upon to supply particulars of such employees, past employees and their respective dependants and the objects, beneficiaries or members of any trust, provident fund or pension scheme as well as the results of subscription by employees, past-employees, their respective dependants and any trust, provident fund or pension scheme for the benefit of such persons. The issuer must maintain records of such particulars for a period of not less than 12 months from the date of approval and make the same available for inspection by the Exchange during the said period.”

In relation to the restrictions and notification requirements on issuers purchasing their own shares on a stock exchange, Rule 10.06 is amended to read:

“ ...

(1)(b) the issuer must send to its shareholders an Explanatory Statement (at the same time as the notice of the relevant shareholders’ meeting) containing all the information reasonably necessary to enable those shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the issuer of shares including the information set out below:

...

(viii) a statement giving details of any purchases by the issuer of shares made in the previous six months (whether on the Exchange or otherwise), giving the date of each purchase and the purchase price per share or the highest and lowest prices paid for such purchases, **together with details of any such repurchases which resulted in the issuer holding treasury shares and details of any transfer, sale or cancellation of such treasury shares by the issuer during that period (including the date of any transfer, sale or cancellation and the price of any sale of treasury shares or the highest and lowest price of any such sales, where relevant)** where relevant;

...

(1)(c) the ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:

(i) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share Repurchases, may not exceed 10 per cent. of the issued share capital **(excluding treasury shares)** of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent. of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

...

...

(4) Reporting Requirements

An issuer shall:

...

- (b) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the Exchange or otherwise), **and** the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, **and** the aggregate price paid by the issuer for such purchases, **the number of shares held as treasury shares following such purchases, the number of treasury shares sold, transferred or cancelled (on a monthly basis) and the number of treasury shares held following such sale, transfer or cancellation (at the end of each month)**. The directors' report shall contain reference to the purchases made during the year and the directors reasons for making such purchases.

(5) Status of Purchased shares

Other than those listed shares purchased by an issuer to be held as treasury shares, the ~~The~~ listing of all shares which are purchased by an issuer (whether on the Exchange or otherwise) shall be automatically cancelled upon purchase and the issuer must apply for listing of any further issues of that type of shares in the normal way. The issuer shall ensure that the documents of title of purchased shares **(other than documents of title relating to the shares to be held as treasury shares)** are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase. **Where shares are held as treasury shares following a purchase by the issuer, the listing of those treasury shares shall also be cancelled. If those treasury shares are subsequently cancelled by the issuer, the issuer shall ensure that the documents of title of any cancelled treasury shares are destroyed as soon as reasonably practicable following such cancellation.**

..."

Rule 10.06 of the HKEx Listing Rules is also amended by the insertion of a note to rule 10.06(5) of the HKEx Listing Rules as follow:

“Note: For the avoidance of doubt, shares purchased by an issuer to hold as treasury shares will remain listed in Singapore (but not in Hong Kong) and will not be cancelled, thus no new listing application is required in Singapore. Any subsequent sale of such treasury shares or transfer of such treasury shares pursuant to an employees’ share scheme shall, for the purposes of the Exchange’s Listing Rules, constitute a new issue of shares and shall require a new listing application to be made.”

Amendments to Chapter 13 of the HKEx Listing Rules

Chapter 13 of the HKEx Listing Rules contains the continuing obligations of issuers.

Rule 13.25A contains the rules relating to changes in the issued share capital of the issuer. In particular, Rule 13.25A is modified by the insertion of a new sub-paragraph (2)(xi) as follow:

- “(1) In addition and without prejudice to specific requirements contained elsewhere in the Exchange Listing Rules, a listed issuer shall, whenever there is a change in its issued share capital as a result of or in connection with any of the events referred to in rule 13.25A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange’s website a return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.

- (2) The events referred to in rule 13.25A(1) are as follows:
- (a) any of the following:
 - (i) ...
 - (x) capital reorganisation; ~~or~~
 - (xi) sale of treasury shares out of treasury or cancellation of treasury shares; or**
 - (xi) change in issued share capital not falling within any of the categories referred to in rule 13.25A(2)(a)(i) to ~~(xi)~~ or rule 13.25A(2)(b); and
 - ...”
- (3) The disclosure obligation for an event in rule 13.25A(2)(b) only arises where:
- (a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 13.25B or last return under this rule 13.25A (whichever is the later), results in a change of 5% or more of the listed issuer’s issued share capital (**excluding treasury shares**); or
 - ...
- (4) For the purposes of rule 13.25A(3), the percentage change in the listed issuer’s issued share capital (**excluding treasury shares**) is to be calculated by reference to the listed issuer’s total issued share capital as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 13.25B or a return published under this rule 13.25A.”

In relation to the submission of the monthly return, Rule 13.25B of the HKEx Listing Rules is modified by the insertion of the following:

“A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth Business Day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange’s website a monthly return in relation to movements in the listed issuer’s equity securities, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (**including the number of any equity securities held as treasury shares**), debt securities and any other securitised instruments, as applicable, issued and which may be issued pursuant to options, warrants, convertible securities or any other agreements or arrangements. **Such information shall also include details of the sale of treasury shares out of treasury or cancellation of treasury shares.**”

In relation to the issue of securities, Rule 13.28 of the HKEx Listing Rules is amended to read:

“Where the directors agree to issue securities for cash in accordance with rule 13.36(1)(a) or 13.36(2), **or transfer treasury shares as consideration, or agree to sell treasury shares out of treasury for cash other than in connection with an employee share scheme**, an issuer shall publish an announcement in accordance with rule 2.07C as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next Business Day, containing the following information:

- (1) the name of the issuer;
- (2) the number, class and aggregate nominal value of the securities agreed to be issued, **treasury shares transferred as consideration or treasury shares sold out of treasury**;

- (3) the total funds to be raised and the proposed use of the proceeds;
- (4) the issue/transfer/sale price of each security and the basis for determining the same;
- (5) the net price to the issuer of each security;
- (6) the reasons for making the issue/transfer/sale;
- (7) the names of the allottees/transferees, if less than six in number and, in the case of six or more allottees/transferees, a brief generic description of them. The Exchange reserves the right to require submission of such further information (on an electronic spreadsheet or such other format as it may request) on the allottees/transferees as it may consider necessary for the purpose of establishing their independence, including without limitation details of beneficial ownership;
- (8) the market price of the securities concerned on a named date, being the date on which the terms of the issue, **treasury shares transferred as consideration or sale of treasury shares out of treasury** were fixed;
- (9) the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities, **treasury shares transferred as consideration or sale of treasury shares out of treasury** in the 12 months immediately preceding the announcement of the proposed issue of securities, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount.”
- (10) where applicable, the name of the underwriter/placing agent and the principal terms of the underwriting/placing arrangements;
- (11) a statement whether the issue, **treasury shares transferred as consideration or sale of treasury shares out of treasury** is subject to shareholder’s approval;
- (12) where the securities are issued under a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b), details of the mandate;
- (13) where the securities are issued by way of a rights issue or an open offer, **or where treasury shares are transferred as consideration or where treasury shares are sold out of treasury**, the information set out in paragraph 18 of Appendix 1, Part B;
- (14) conditions to which the issue is subject or a negative statement if applicable; and
- (15) any other material information with regard to the issue, **treasury shares transferred as consideration or sale of treasury shares out of treasury** (including any restrictions on the ability of the issuer to issue further securities, **transfer treasury shares as consideration or sell treasury shares out of treasury**, or any restrictions on the ability of the allottees to dispose of shares issued, **treasury shares transferred or sold** to them or any restrictions on the ability of existing shareholders to dispose of their securities arising in connection with the allotment, **or transfer or sale of treasury shares**).

In relation to pre-emptive rights, Rule 13.36(2)(b) is amended to read:

“(1)(a) Except in the circumstances mentioned in rule 13.36(2), the directors of the issuer (other than a PRC issuer, to which the provisions of rule 19A.38 apply) shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting:

- (i) shares;
- (ii) securities convertible into shares; or
- (iii) options, warrants or similar rights to subscribe for any shares or such convertible securities.

...

(2) No such consent as is referred to in rule 13.36(1)(a) shall be required:

...

- (b) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of 20% of the existing issued share capital of the issuer (**excluding treasury shares**) (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 7.14(3), 20% of the issued share capital of an overseas issuer (**excluding treasury shares**) following the implementation of such scheme) plus the number of such securities repurchased **and cancelled** by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the issuer), provided that the existing shareholders of the issuer (**excluding treasury shares**) have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

...”

Amendments to Chapter 15 of the HKEx Listing Rules

Chapter 15 of the HKEx Listing Rules contains the rules relating to options, warrants and similar rights. In particular, Rule 15.02 is amended to read:

“All warrants must, prior to the issue or grant thereof, be approved by the Exchange and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 13.36(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:

- (1) the securities to be issued **or transferred out of treasury** on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued **or transferred out of treasury** on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed twenty per cent. of the issued equity capital of the issuer (**excluding treasury shares**) at the time such warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 are excluded for the purpose of this limit; and

...”

Amendment to Appendix 1B to the HKEx Listing Rules

Appendix 1B sets out the content requirements of listing documents, in the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed. In relation to general information about the group's activities, Paragraph 26(1)(b) of Appendix 1B to the HKEx Listing Rules is amended as such:

“additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:

- (i) ...
 - (v) a statement of the interests of any of the directors; their associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the issuers' share capital (**excluding treasury shares**)) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;
- ...”

Amendment to Appendix 2B to the HKEx Listing Rules

Appendix 2B to the HKEx Listing Rules sets out the rules in relation to definitive documents of title. In relation to registered equity securities, paragraph 5 is amended to read:

“If the certificate relates to shares and there is more than one class in issue:

- ...
- (2) if any such class (other than the preference or preferred shares so described) is a class the holders of which are not entitled to vote at general meetings of the issuer, the words “non voting” must appear legibly on every certificate therefor issued by the issuer. **For the avoidance of doubt, this rule shall not apply to treasury shares, which shall be non-voting;**
- ...”

Amendment to Appendix 3 to the HKEx Listing Rules

Appendix 3 to the HKEx Listing Rules sets out the conforming requirements of the articles of association or equivalent document of issuers. In relation to the articles or constitution as regards non-voting or restricted voting shares, paragraph 10(1) is amended to read:

“That, where the capital of the issuer includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares. **For the avoidance of doubt, this rule shall not apply to treasury shares, which shall be non-voting.**”

Amendments to Forms Contained in Appendix 5 to the HKEx Listing Rules

Appendix 5 to the HKEx Listing Rules contains the forms relating to applications for listing on the HKEx. The Company will amend the following relevant forms contained in Appendix 5 to the HKEx Listing Rules to the extent necessary (if at all) as and when it is required to submit such forms pursuant to the HKEx Listing Rules.

1. Form E – Sole Sponsor's Declaration

When appropriate the Company will amend paragraph (3) of the sponsor's declaration as follow: “25% of the total issued share capital of the Issuer (**excluding treasury shares**) [have been placed/will be held] in the hands of the public in accordance with rule 8.08 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) at the time of the Issuer's listing; and...”

2. Form F – Director’s Declaration

Paragraph 3 of Form F is amended to read “that.....Shares of.....(Number & Class).....HK\$.....Debenture/Loan Stock.....Debenture/Notes/Bonds **(of which.....Shares of HK\$.....were treasury shares which were sold out of treasury for cash)** have been subscribed/purchased for cash and duly allotted/issued/transferred to the subscribers/purchasers (and that the said shares have been converted into HK\$.....Stock); ...”

Amendments to Appendix 16 to the HKEx Listing Rules

Appendix 16 of the HKEx Listing Rules sets out the minimum financial information that a listed issuer shall include in its preliminary announcement of results, interim reports, summary interim reports, annual reports, summary financial reports, listing documents and circulars in relation to equity securities.

In relation to the requirement for financial statements, paragraph 2 of Appendix 16 to the HKEx Listing Rules is amended to read:

“Each set of financial statements presented in an annual report, listing document, or circular, shall... include, at a minimum, the following components:

- (1) ...
- (4) statement of changes in equity **(which, for the avoidance of doubt, will include any changes in respect of treasury shares held by the listed issuer)**;
...”

In relation to the basic financial information required in financial statements, paragraph 4 to Appendix 16 of the HKEx Listing Rules is amended to read:

“Financial statements... shall include at least the information set out below...

- (1) Income statement
 - (a) ...
 - (g) earnings per share **(which, for the avoidance of doubt, will not take account of treasury shares)**;
...”

Paragraphs 6 to 34A of Appendix 16 to the HKEx Listing Rules contain the rules relating to the information requirement in annual reports.

In particular, paragraph 10 of Appendix 16 to the HKEx Listing Rules is amended to read:

“In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:

- (1) ...
- (4) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:
 - (a) on the Exchange;
 - (b) on another stock exchange;
 - (c) by private arrangement; and
 - (d) by way of a general offer.

Any such statement must also distinguish between those listed securities which are purchased **and cancelled** by the listed issuer (~~and, therefore cancelled~~) **and those securities which are purchased and held as treasury shares by that issuer and any existing treasury shares cancelled by the issuer** and those which are purchased by a subsidiary of the listed issuer;”

Paragraph 11 of Appendix 16 to the HKEx Listing Rules is amended to read:

“In the case of any issue for cash of equity securities **or sale of treasury shares** made otherwise than to shareholders in proportion to their shareholdings (**excluding any transfer of treasury shares for the purposes of an employee share scheme**) and which has not been specifically authorised by the shareholders, a listed issuer shall disclose:

- (1) the reasons for making the issue/**sale**;
- (2) the classes of equity securities issued/**sold**;
- (3) as respect each class of equity securities, the number issued/**sold**, their aggregate nominal value;
- (4) the issue/**sale** price of each security;
- (5) the net price to the listed issuer of each security;
- (6) the names of the allottees/**transferees**, if less than six in number, and, in the case of six or more allottees/**transferees**, a brief generic description of them;
- (7) the market price of the securities concerned on a named date, being the date on which the terms of the issue/**sale** were fixed; and
- (8) the use of the proceeds.”

Paragraph 31 of Appendix 16 to the HKEx Listing Rules is amended to read:

“A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesale or retailer as the case may be) and its major suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:

- (1) ...
- (5) a statement of the interests of any of the directors; their associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the listed issuer’s share capital (**excluding treasury shares**)) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;
...”

In relation to the information required to accompany interim reports, paragraph 37 of Appendix 16 to the HKEx Listing Rules is amended to read:

“A listed issuer shall prepare an interim report in respect of the first six months of its financial year, unless that financial year is of six months or less. Banking companies shall, in addition, comply with Appendix 15 as regards the disclosure requirements for an interim report. That interim report shall include, at a minimum, the following components:

- (1) ...
- (4) a statement of changes in equity (**which, for the avoidance of doubt, will include any changes in respect of treasury shares**);
...”

Property Summary Table

The summary property valuation information below (as of June 30, 2011) is presented further to the prospectus contents waivers in relation to property valuation granted by HKEx. Further details of these waivers can be found in “Waivers – Part A: Prospectus Contents Waivers and Waivers in respect of the Listing”.

CHINA

	As of June 30, 2011										As of June 30, 2011							
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
1	CapitaMall Ailunmengtun, Harbin (御德康學坊·德蒙頓·哈爾濱)	Retail	Daoli District, Harbin	CapitaRetail China Development Fund II ²	45.00%	Completed	472,012	289,338	517	Expiring in September 2042	N.A.	2010	N.A.	-130	88.6%	380	Investment Method	DTZ
2	CapitaMall Anzhen, Beijing (御德 MALL·安貞·北京)	Retail	Chaoyang District, Beijing	CapitaRetail China Trust	26.97%	Completed	467,620	467,620	N.A.	Expiring in October 2034/ March 2042/ June 2042	N.A.	1994	N.A.	5,395	100.0%	919	Discounted Cash Flow & Income Capitalisation Approach	Knight Frank
3	CapitaMall Beiguan, Anyang (御德康學坊·北關·安陽)	Retail	Beiguan District, Anyang	CapitaMalls China Income Fund	45.00%	Completed	374,964	271,253	238	Expiring in March 2046	N.A.	2010	N.A.	1,018	98.4%	220	Discounted Cash Flow Analysis and Income Capitalisation Approach	Knight Frank
4	CapitaMall Chengdeyuan, Nanchang (御德康學坊·城德苑·南昌)	Retail	Qingyupu District, Nanchang	CapitaMalls China Income Fund	45.00%	Completed	490,911	401,002	222	Expiring in February 2045	N.A.	2006	N.A.	745	99.6%	258	Investment Method	DTZ
5	CapitaMall Crystal, Beijing (御德晶品購物中心·北京)	Retail	Haidian District, Beijing	CapitaRetail China Development Fund II ²	45.00%	Under Development	781,994	433,445	387	Commercial: Expiring in January 2043 Underground carpark: Expiring in January 2053	2006	2011	195	N.A.	N.A.	1,660	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
6	CapitaMall Cuiwei, Beijing (御德 MALL·翠微路·北京)	Retail	Haidian District, Beijing	CapitaMalls China Income Fund	45.00%	Completed	604,302	379,054	375	Commercial: Expiring in May 2046 Underground carpark: Expiring in May 2056	N.A.	2010	N.A.	3,007	87.3%	1,055	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE

	As of June 30, 2011										As of June 30, 2011						
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
7	CapitaMall Deyang (凱德廣場·德陽)	Retail	Jiayang District, Deyang	CapitaMalls China Income Fund	45.00%	Completed	474,542	324,330	306	Expiring in November 2045	N.A.	2009	N.A.	1,371	255	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
8	CapitaMall Dongguan (凱德廣場·東莞)	Retail	Nancheng District, Dongguan	CapitaMalls China Income Fund	45.00%	Completed	478,883	345,341	298	Expiring in January 2055	N.A.	2008	N.A.	1,550	345	Investment Method	DTZ
9	CapitaMall Erqi, Zhengzhou (凱德廣場·鄭州)	Retail	Erqi District, Zhengzhou	CapitaRetail China Trust	26.97%	Completed	994,120	994,120	198	Expiring in May 2042	N.A.	1992	N.A.	3,282	555	Discounted Cash Flow and Income Capitalisation Approach	Knight Frank
10	CapitaMall Fucheng, Mianyang (Phase 1) (凱德廣場·涪城一期·綿陽)	Retail	Fucheng District, Mianyang	CapitaMalls China Income Fund	45.00%	Completed	503,787	369,087	227	Expiring in September 2044	N.A.	2007	N.A.	1,484	262	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
	CapitaMall Fucheng, Mianyang (Phase 2) (凱德廣場·涪城二期·綿陽)	Retail	Fucheng District, Mianyang	CapitaMalls China Income Fund	45.00%	Under Development	484,380	N.A.	N.A.	Expiring in June 2047	2011	2013	345	N.A.	66	Direct Comparison and Residual Analysis	CBRE
11	CapitaMall Guicheng Foshan (凱德廣場·桂城·佛山)	Retail	Nanhai District, Foshan	Directly held jointly with CapitaMalls China Income Fund	73.05%	Completed	528,189	386,955	489	Expiring in August 2044	N.A.	2006	N.A.	2,569	403	Investment Method	DTZ
12	CapitaMall Hongqi, Xinxiang (凱德廣場·紅旗·新鄉)	Retail	Hongqi District, Xinxiang	CapitaMalls China Income Fund	45.00%	Completed	388,753	273,115	249	Expiring in November 2045	N.A.	2010	N.A.	468	245	Discounted Cash Flow and Income Capitalisation Approach	Knight Frank
13	CapitaMall Jinniu, Chengdu (Phase 1) (凱德廣場·金牛一期·成都)	Retail	Jinniu District, Chengdu	CapitaMalls China Income Fund	45.00%	Completed	623,063	524,196	437	Expiring in October 2044	N.A.	2006	N.A.	3,261	438	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
	CapitaMall Jinniu, Chengdu (Phase 2) (凱德廣場·金牛二期·成都)	Retail	Jinniu District, Chengdu	CapitaMalls China Income Fund	45.00%	Under Development	975,218	N.A.	N.A.	Expiring in October 2044	2011	2013	617	N.A.	162	Direct Comparison and Residual Analysis	CBRE

Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency '000) ⁶	As of June 30, 2011				
													Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency m) ⁶	Valuation Methodology	Independent Valuer
14 CapitaMall Jinshui, Zhengzhou (鄭德廣場-金水, 鄭州)	Retail	Jinshui District, Zhengzhou	CapitaRetail China Incubator Fund ²²	30.00%	Completed	583,032	382,090	260	Expiring in July 2045	N.A.	2010	N.A.	280	75.8%	525	Discounted Cash Flow and Income Capitalisation Approach	Knight Frank
15 CapitaMall Jiuhepo, Chongqing (鄭德廣場•九龍坡, 重慶)	Retail	Jiuhepo District, Chongqing	Directly held jointly with CapitaMalls China Income Fund	73.05%	Completed	464,650	418,838	269	Expiring in October 2042	N.A.	2005	N.A.	1,112	100.0%	280	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
16 CapitaMall Kunshan ² (鄭德廣場•崑山)	Retail	Yusuan Town, Kunshan	CapitaMalls China Income Fund	45.00%	Completed	426,201	294,266	326	Expiring in May 2045	N.A.	2008	N.A.	-204	77.2%	263	Investment Method	DTZ
17 CapitaMall Maoming (鄭德廣場•茂名)	Retail	Maogang District, Maoming	Directly held jointly with CapitaMalls China Income Fund	73.05%	Completed	407,762	325,643	286	Expiring in November 2044	N.A.	2006	N.A.	782	95.4%	235	Investment Method	DTZ
18 CapitaMall Meizheng, Chengde ² (鄭德廣場•魅力城, 成都)	Retail	Chenghua District, Chengde	Directly held	100.00%	Under Development	628,079	N.A.	N.A.	Expiring in August 2044	2010	2013	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
19 CapitaMall Minzhong Jeyuan, Wuhan ¹⁰ (鄭德民翠樂園, 武漢)	Retail	Jiangnan District, Wuhan	CapitaRetail China Trust	26.97%	Completed	415,824	251,339	71	Amex Building: Expiring in September 2045 Conserved Building: Master Lease expiring in June 2044	N.A.	1997 (Amex Building) 1920 (Conserved Building)	N.A.	2,594	90.9%	417	Discounted Cash Flow and Income Capitalisation Approach	CBRE
20 CapitaMall Nan'an, Yibin (鄭德廣場•南岸, 宜賓)	Retail	Cuijing District, Yibin	CapitaMalls China Income Fund	45.00%	Completed	424,249	290,498	311	Expiring in May 2045	N.A.	2008	N.A.	775	99.7%	217	Investment Method	DTZ
21 CapitaMall Peace Plaza, Dalian (鄭德和平廣場, 大連)	Retail	Shahekou District, Dalian	CapitaRetail China Incubator Fund ²²	30.00%	Completed	1,696,148	1,208,098	367	Expiring in November 2035	N.A.	2002	N.A.	6,417	93.0%	1,759	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
22 CapitaMall Qibao, Shanghai ³ (鄭德七賢購物廣場, 上海)	Retail	Minhang District, Shanghai	CapitaRetail China Trust	26.97%	Completed	782,855	547,123	491	Master lease expiring in January 2024	N.A.	2003	N.A.	2,186	91.8%	353	Discounted Cash Flow and Income Capitalisation Approach	Knight Frank

	As of June 30, 2011										As of June 30, 2011							
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
23	CapitaMall Quanzhou (御德廣場·泉州)	Retail	Lichang District, Quanzhou	CapitaMalls China Income Fund	45.00%	Completed	463,885	321,392	273	Expiring in February 2045	N.A.	2006	N.A.	483	91.3%	238	Investment Method	DTZ
24	CapitaMall Rizhao ¹ (御德廣場·日照)	Retail	Donggang District, Rizhao	CapitaRetail China Incubator Fund ²²	30.00%	Under Development	833,758	N.A.	480	Expiring in November 2043	2008	2012	150	N.A.	N.A.	415	Direct Comparison Method and Residual Approach	DTZ
25	CapitaMall Salhan, Huihot (御德 MALL·賽罕·呼和浩特)	Retail	Sihan District, Huihot	CapitaRetail China Trust	26.97%	Completed	451,421	319,981	40	Expiring in March 2041	N.A.	2002	N.A.	1,119	99.4%	305	Discounted Cash Flow & Income Capitalisation Approach	Knight Frank
26	CapitaMall Shapingba (御德廣場·沙坪壩·重慶)	Retail	Shapingba District, Chongqing	CapitaRetail China Incubator Fund ²²	30.00%	Completed	450,764	288,787	N.A.	Master Lease expiring in December 2023	N.A.	2003	N.A.	1,590	100.0%	106	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
27	CapitaMall Shawan, Chengdu (御德廣場·沙灣·成都)	Retail	Jinmu District, Chengdu	CapitaRetail China Incubator Fund ²²	30.00%	Completed	415,620	269,918	268	Commercial: Expiring in January 2046 Underground carpark: Expiring in January 2076	N.A.	2009	N.A.	213	97.7%	338	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
28	CapitaMall Shuangjing, Beijing (御德 MALL·雙井·北京)	Retail	Chaoyang District, Beijing	CapitaRetail China Trust	26.97%	Completed	532,420	532,420	334	Expiring in July 2042	N.A.	2003	N.A.	2,765	100.0%	514	Discounted Cash Flow & Income Capitalisation Approach	Knight Frank
29	CapitaMall Taiyiangong, Beijing (御德 MALL·太陽宮·北京)	Retail	Chaoyang District, Beijing	CapitaRetail China Development Fund II ²¹	45.00%	Under Development	900,861	N.A.	783	Expiring in August 2044	2009	2012	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
30	CapitaMall Taohualun, Yiyang (御德廣場·桃花園·益陽)	Retail	Heshan District, Yiyang	CapitaMalls China Income Fund	45.00%	Completed	375,606	250,941	192	Expiring in June 2045	N.A.	2009	N.A.	775	98.6%	204	Investment Method	DTZ

Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	As of June 30, 2011				
													Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
31 CapitaMall Tianfu, Chengdu (凱德廣場·天府, 成都)	Retail/ Office/ Residential	Gaoxin District, Chengdu	Directly Held	100.00%	Under Development	2,289,331	N.A.	1,532	Expiring in February 2048	2009	2013	1,270	N.A.	N.A.	618	Capitalisation Approach, Direct Comparison & Residual Analysis	CBRE
32 CapitaMall TianjinOne, Tianjin (凱德MALL·天津灣, 天津)	Retail	Hexi District, Tianjin	CapitaRetail China Incubator Fund ²²	30.00%	Completed	638,359	431,044	400	Expiring in September 2054	N.A.	2008	N.A.	2,152	91.5%	630	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
33 CapitaMall Wangjing, Beijing (凱德MALL·望京, 北京)	Retail	Chaoyang District, Beijing	CapitaRetail China Trust	26.97%	Completed	732,060	605,131	430	Expiring in May 2043/May 2053	N.A.	2006	N.A.	9,032	100.0%	1,430	Discounted Cash Flow and Income Capitalisation Approach	Knight Frank
34 CapitaMall Weifang (凱德廣場·濰坊)	Retail	Gaoxin District, Weifang	CapitaMalls China Income Fund	45.00%	Completed	467,653	390,647	355	Expiring in October 2044	N.A.	2005	N.A.	596	97.7%	270	Investment Method	DTZ
35 CapitaMall Wusheng, Wuhan (凱德廣場·武漢, 武漢)	Retail/ Serviced Apartment	Qiaokou District, Wuhan	CapitaRetail China Development Fund II ²¹	45.00%	Under Development	1,213,846	N.A.	486	Expiring in June 2044	2008	2012	746	N.A.	N.A.	592	Direct Comparison Approach and Residual Approach	Knight Frank
36 CapitaMall Wuhu (凱德廣場·蕪湖)	Retail	Jinghu District, Wuhu	Joint venture between CapitaRetail China Trust and CapitaMalls China Income Fund	35.80%	Completed	491,204	398,193	306	Expiring in May 2044	N.A.	2005	N.A.	939	95.8%	187	Discounted Cash Flow and Income Capitalisation Approach	Knight Frank
37 CapitaMall Xindichang, Xi'an (凱德廣場·新地城, 西安)	Retail/ Office/ Serviced Apartment	Yanta District, Xi'an	CapitaRetail China Development Fund II ²¹	45.00%	Under Development	1,625,364	N.A.	896	Expiring in December 2043	2008	2012 (East Plot) 2013 (West Plot)	938	N.A.	N.A.	556	Direct Comparison Approach and Residual Approach	Knight Frank

	As of June 30, 2011										As of June 30, 2011						
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
38	CapitaMall Xizhimen, Beijing (御德MALL•西直門, 北京)	Retail	Xicheng District, Beijing	CapitaRetail China Trust	26.97%	Completed	894,219	552,796	365	Underground commercial and retail use; Expiring in August 2044	N.A.	2006 (Phase 1) 2008 (Phase 2)	N.A.	10,828	2,160	Capitalisation Approach and Discounted Cash Flow	CBRE
39	CapitaMall Xuefu, Harbin (御德廣場•學府, 哈爾濱)	Retail	Nangang District, Harbin	CapitaRetail China Development Fund II ²¹	45.00%	Under Development	1,040,179	N.A.	457	Expiring in December 2045	2008	2011	490	N.A.	576	Direct Comparison Approach and Residual Approach	DTZ
40	CapitaMall Yangzhou ² (御德廣場•揚州)	Retail	Weyang District, Yangzhou	CapitaMalls China Income Fund	45.00%	Completed	565,496	385,653	311	Expiring in July 2039/April 2045	N.A.	2008	N.A.	26	336	Investment Method	DTZ
41	CapitaMall Yuhuang, Changsha (御德廣場•雨花亭, 長沙)	Retail	Yuhua District, Changsha	Directly held jointly with CapitaMalls China Income Fund	73.05%	Completed	668,229	508,362	351	Expiring in March 2044	N.A.	2005	N.A.	2,355	430	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
42	CapitaMall Zhangzhou (御德廣場•漳州)	Retail	Xiangcheng District, Zhangzhou	Directly held jointly with CapitaMalls China Income Fund	73.05%	Completed	421,626	328,636	200	Expiring in December 2043	N.A.	2005	N.A.	1,301	283	Investment Method	DTZ
43	CapitaMall Zhanjiang (御德廣場•湛江)	Retail	Chikan District, Zhanjiang	CapitaMalls China Income Fund	45.00%	Completed	508,771	358,226	266	Expiring in December 2044	N.A.	2007	N.A.	1,185	299	Investment Method	DTZ
44	CapitaMall Zhaoqing (御德廣場•肇慶)	Retail	Duanzhou District, Zhaoqing	CapitaMalls China Income Fund	45.00%	Completed	482,658	350,261	230	Expiring in May 2055	N.A.	2009	N.A.	960	276	Investment Method	DTZ
45	CapitaMall Zibo (御德廣場•淄博)	Retail	Zhangtian District, Zibo	CapitaMalls China Income Fund	45.00%	Completed	452,023	334,577	350	Expiring in March 2045	N.A.	2008	N.A.	365	246	Investment Method	DTZ

Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	As of June 30, 2011			
													Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology
46 Hongkou Plaza ⁷ , Shanghai (虹口龍之夢虹口·上海)	Retail/Office	Hongkou District, Shanghai	CapitaMalls China Income Fund	22.50%	Under Development	2,443,950	N.A.	1,100	Expiring in September 2057	2008	2011 (Retail) 2012 (Office)	1,646	N.A.	5,773	Direct Comparison Method and Residual Approach	DTZ
47 Luwan Site, Shanghai (盧灣項目·上海)	Retail/Office	Luwan District, Shanghai	Directly held	66.00%	Under Development	1,373,099	N.A.	746	Expiring in July 2056	2009	2015	1,579	N.A.	2,355	Capitalisation Approach, Direct Comparison and Residual Analysis	CBRE
48 Minhang Plaza ⁷ , Shanghai (閘北龍之夢閘行·上海)	Retail/Office	Minhang District, Shanghai	CapitaRetail China Incubator Fund ²²	15.00%	Completed ¹¹	1,580,618	1,191,252	1,350	Expiring in December 2053	2008	2011 (Retail) 2012 (Office)	1,218	N.A.	2,816	Direct Comparison Method and Residual Approach	DTZ
49 Raffles City Beijing (北京萊佛士中心)	Office/ Retail/ Serviced Apartment	Dongcheng District, Beijing	Raffles City China Fund	15.00%	Completed	1,194,765	Retail:237,002 Office:437,071	455	Retail: Expiring in April 2046 Integrated use and car park: Expiring in April 2056	N.A.	2009	N.A.	14,062	99.0% (Retail) 99.0% (Office) 87.0% (Serviced Apartment I) 79.0% (Serviced Apartment II)	Direct Comparison Method	Savills
50 Raffles City Changning (長寧萊佛士廣場)	Retail/Office	Changning District, Shanghai	Held with joint-venture partner	17.10%	Under Development	3,122,712	N.A.	1,169	Expiring in November 2055	2011	2014	2,224	N.A.	5,530	Direct Comparison Approach	CBRE
51 Raffles City Chengdu (成都萊佛士廣場)	Retail/ Office/ Serviced Apartment/ Hotel	Wuhou District, Chengdu	Raffles City China Fund	15.00%	Under Development	2,628,425	N.A.	873	Expiring in December 2046	2009	2012-2013	3,186	N.A.	2,605	Direct Comparison Approach	CBRE
52 Raffles City Hangzhou (杭州萊佛士廣場)	Retail/ Office/ Serviced Apartment/ Hotel/ Residential	Qianjiang New City, Hangzhou	Raffles City China Fund	15.00%	Under Development	3,233,054	N.A.	1,891	Expiring in March 2049	2011	2014	3,084	N.A.	2,740	Direct Comparison Approach	CBRE

	As of June 30, 2011										As of June 30, 2011								
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure ⁸	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency '000' mil)	Monthly Net Rental (local currency '000' mil) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer	
53	Raffles City Nungbo Shanghai (上海来福士广场)	Retail/Office/SOHO	Jiangbei District, Nungbo	Raffles City China Fund	15.00%	Under Development	1,093,128	N.A.	676	Commercial: Expiring in August 2047 Residential: Expiring in August 2077	2009	2011	799	N.A.	N.A.	1,489	Direct Comparison Method	Savills	
54	Raffles City Shanghai (上海来福士广场)	Retail/Office	Huangpu District, Shanghai	Raffles City China Fund	8.38%	Completed	1,502,575	1,186,182	421	Expiring in April 2045	N.A.	2003	N.A.	33,586	89.6% (Office) 100.0% (Retail)	5,527	Direct Comparison Approach	CBRE	
Total							49,564,215	18,864,243											
SINGAPORE																			
	As of June 30, 2011										As of June 30, 2011								
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency '000' mil)	Monthly Net Rental (local currency '000' mil) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer	
55	Bedok Site ⁴	Residential/Retail	New Upper Changi Road/Bedok North Drive	Joint Venture	50.00%	Under Development	1,013,207	N.A.	N.A.	99 years ¹²	2011	2014	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
56	Bugis Junction	Retail	Victoria Street	CapitaMall Trust	29.72%	Completed	578,105	421,100	648	99 years, expiring in September 2089	N.A.	1994/1995	N.A.	4,123	100.0%	854	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE	
57	Bukit Panjang Plaza	Retail	Jelebu Road	CapitaMall Trust	29.72%	Completed	228,982	152,629	332	99 years, expiring in November 2093	N.A.	1997	N.A.	1,290	99.8%	255	Investment and Discounted Cash Flow	Knight Frank	
58	Clarke Quay	Retail	River Valley Road	CapitaMall Trust	29.72%	Completed	361,591	294,644	409	99 years, expiring in January 2089	N.A.	1960's	N.A.	1,497	98.9%	285	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE	

Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	As of June 30, 2011				
													Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
59 Funan Digital Life Mall	Retail	North Bridge Road	CapitaMall Trust	29.72%	Completed	482,097	298,788	339	99 years, expiring in December 2078	N.A.	1984	N.A.	1,716	100.0%	338	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
60 Honggang Plaza	Retail	Upper Serangoon Road	CapitaMall Trust	29.72%	Completed	79,651	75,353	154	99 years, expiring in February 2090	N.A.	1993	N.A.	167	100.0%	36	Investment and Discounted Cash Flow	Knight Frank
61 Iluma	Retail	Victoria Street	CapitaMall Trust	29.72%	Completed	297,396	184,217	321	60 years, expiring in September 2065	N.A.	2009	N.A.	656	79.0%	295	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
62 IMM Building	Office/ Retail/ Warehouse	Jurong East	CapitaMall Trust	29.72%	Completed	1,426,153	943,923	1,313	60 years, expiring in January 2049	N.A.	1991	N.A.	4,250	99.7% (Retail) 95.9% (Office) 96.3% (Warehouse)	659	Investment and Discounted Cash Flow	Knight Frank
63 ION Orchard	Retail	Orchard Road	Joint Venture	50.00%	Completed	944,289	624,937	551	99 years, expiring in March 2105	N.A.	2009	N.A.	12,270	99.2%	2,680	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
64 JCube	Retail	Jurong East	CapitaMall Trust	29.72%	Under Development	316,815	207,677	N.A.	99 years, expiring in February 2090	2010	2012	165	N.A.	N.A.	220	Residual Land Value Method, Investment Method and Discounted Cash Flow Method	Knight Frank
65 Junction 8	Retail	Bishan	CapitaMall Trust	29.72%	Completed	376,674	251,229	324	99 years, expiring in August 2090	N.A.	1993	N.A.	2,952	100.0%	580	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE
66 Jungo Gateway Site ⁴	Retail/Office	Boon Lay Way	Joint Venture	58.92%	Under Development	957,772	N.A.	N.A.	99 years ¹²	2012	2013	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
67 Lot One Shoppers' Mall	Retail	Choa Chu Kang	CapitaMall Trust	29.72%	Completed	327,278	219,097	318	99 years, expiring in November 2092	N.A.	1996	N.A.	2,150	100.0%	445	Investment and Discounted Cash Flow	Knight Frank

	As of June 30, 2011										As of June 30, 2011								
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer	
68	Plaza Singapura	Retail	Orchard Road	CapitaMall Trust	29.72%	Completed	763,760	497,913	694	Freehold	N.A.	1974	N.A.	4,972	100.0%	1,047	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE	
69	Raffles City Singapore	Retail/Office /Hotel	North Bridge Road	CapitaMall Trust	11.89%	Completed	3,449,727	801,130	1,043	99 years, expiring in July 2078	N.A.	1986	N.A.	13,099	100.0% (Retail) 97.7% (Office)	2,734	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE & JLL	
70	Rivervale Mall	Retail	Rivervale Crescent	CapitaMall Trust	29.72%	Completed	109,243	81,130	179	99 years, expiring in December 2096	N.A.	2000	N.A.	504	100.0%	95	Investment and Discounted Cash Flow	Knight Frank	
71	Sembawang Shopping Centre	Retail	Sembawang Road	CapitaMall Trust	29.72%	Completed	197,986	131,331	164	99 years, expiring in March 2884	N.A.	2008	N.A.	660	99.1%	112	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE	
72	Tampines Mall	Retail	Tampines Central	CapitaMall Trust	29.72%	Completed	473,562	328,565	632	99 years, expiring in August 2091	N.A.	1995	N.A.	4,080	100.0%	794	Investment and Discounted Cash Flow	Knight Frank	
73	The Atrium@Orchard	Retail/Office	Orchard Road	CapitaMall Trust	29.72%	Completed	552,469	374,124	106	99 years, expiring in August 2107	N.A.	2002	N.A.	1,836	32.0% (Retail) 93.9% (Office)	595	Capitalisation Approach and Discounted Cash Flow Analysis	CBRE	
74	The Star Vista ¹	Retail	One Vista Exchange Green	Directly held	100.00%	Under Development	258,334	162,998	790	60 years, expiring in October 2067	2008	2012	287	N.A.	N.A.	49 ¹³	Residual Land Method	CBRE	
							13,195,091	6,050,785											
Total																			

MALAYSIA

	As of June 30, 2011										As of June 30, 2011							
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
75	East Coast Mall ⁵	Retail	Putra Square, Kuantan	CapitaMalls Malaysia Trust	41.74%	Completed	653,997	441,342	1,170	99 years, expiring in December 2106	N.A.	2008	N.A.	1,833	97.0% ¹⁴	N.A.	N.A.	N.A.
76	Gurney Plaza	Retail	Perisai Gurney, Penang	CapitaMalls Malaysia Trust	41.74%	Completed	1,317,930	848,037	1,956	Freehold	N.A.	2001 (GP Main Building) 2008 (GP Extension)	N.A.	5,957	99.4%	1,090	Income Capitalisation Approach and Comparison Method	CBRE
77	Queensbay Mall ¹⁵	Retail	Bayan Lepas, Penang	Held through subsidiaries and an asset-backed securitisation structure	100.00%	Completed	916,181	890,710	2,532	Freehold	N.A.	2006	N.A.	3,107	93.3%	664	Income Capitalisation Approach and Comparison Method	PPC
78	Sungei Wang Plaza ¹⁶	Retail	Jalan Sultan Ismail, Kuala Lumpur	CapitaMalls Malaysia Trust	41.74%	Completed	511,103	447,870	1,298	Freehold	N.A.	1977	N.A.	4,525	98.5%	790	Income Capitalisation Approach and Comparison Method	PPC
79	The Mines	Retail	Jalan Diliang, Selangor	CapitaMalls Malaysia Trust	41.74%	Completed	1,257,086	720,548	1,282	99 years, expiring in March 2091	N.A.	1997	N.A.	3,010	99.1%	550	Income Capitalisation Approach and Comparison Method	PPC
Total							4,656,297	3,348,506								3,094		

JAPAN

Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	As of June 30, 2011	
																Valuation Methodology	Independent Valuer
80 Chitose Mall	Retail	Chitose-shi, Hokkaido	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	283,481	168,898	1,159	Freehold	N.A.	2000	N.A.	-1,500	91.3%	1,270	Income Approach and Cost Approach	Land Coordinating Research Inc.
81 Coop Kobe	Retail	Nishinomiya-shi, Hyogo	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	85,789	85,789	154	Freehold	N.A.	1997	N.A.	16,932	100.0%	3,000	Income Approach and Cost Approach	Tanizawa Sogo Kaneisho K.K.
82 Ito Yokado Eniwa	Retail	Eniwa-shi, Hokkaido	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	159,770	159,770	635	Freehold	N.A.	1982	N.A.	14,809	100.0%	1,910	Income Approach and Cost Approach	Tanizawa Sogo Kaneisho K.K.
83 Izumiya Hirakata	Retail	Hirakata-shi, Osaka	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	215,754	215,743	410	Freehold	N.A.	1970	N.A.	36,289	100.0%	6,260	Income Approach and Cost Approach	Tanizawa Sogo Kaneisho K.K.
84 La Park Mizue	Retail	Mizue, Edogawa-ku, Tokyo	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	203,590	198,381	166	Freehold	N.A.	1992	N.A.	32,990	98.4%	6,590	Income Approach and Cost Approach	DTZ
85 Narashimo Shopping Centre	Retail	Funabashi-shi, Chiba	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	137,596	115,573	485	Freehold	N.A.	2007	N.A.	16,811	100.0%	3,190	Income Approach and Cost Approach	Tanizawa Sogo Kaneisho K.K.
86 Vivit Square	Retail	Funabashi-shi, Chiba	CapitaRetail Japan Fund Private Limited ²³	26.29%	Completed	747,495	524,153	1,546	Freehold	N.A.	2004	N.A.	10,037	84.0%	17,050	Income Approach and Cost Approach	Yoshimura Planning & Appraisal Co., Ltd.
Total						1,833,475	1,468,306								39,270		

INDIA

	As of June 30, 2011										As of June 30, 2011							
	Name of Project	Existing Use	Location	Holding Entity	Effective Stake (%)	Status	GFA (sq ft) ⁶	NLA (sq ft) ⁶	No. of Carparks ⁶	Tenure	Commencement of Construction (for Development Projects)	Year of Completion	Development Cost (Estimated for Development Projects) (local currency mil)	Monthly Net Rental (local currency '000) ⁶	Occupancy Rate ⁶	Valuation Amount (local currency mil) ⁶	Valuation Methodology	Independent Valuer
87	Cochin Mall	Retail/ Office/Hotel	Ernakulam District, Cochin	CapitaRetail India Development Fund ²⁴	11.36% ¹⁷	Under Development	1,069,995	N.A.	1,830	Freehold	2011	2014 (Retail, Office) 2013 (Hotel)	2,644	N.A.	N.A.	2,461	Discounted Cash Flow Approach	CBRE
88	Forum Value Mall, Bangalore	Retail/ Serviced Apartment	Whitefield, Bangalore	CapitaRetail India Development Fund ²⁴	15.91%	Completed	5,07,663	503,941 ¹⁸	640	Freehold	N.A.	2009	N.A.	9,985	89.0%	2,804	Discounted Cash Flow Approach	CBRE
89	Graphite India, Bangalore	Retail/Office	Whitefield, Bangalore	CapitaRetail India Development Fund ²⁴	22.27%	Under Development ¹⁹	1,051,974	N.A.	1,169	Freehold	2012	2014	2,323	N.A.	N.A.	2,410	Income Approach - Discounted Cash Flow Method	Knight Frank
90	Hyderabad Mall	Retail	Kokapally, Hyderabad	CapitaRetail India Development Fund ²⁴	11.14%	Under Development	851,701	N.A.	1,370	Freehold	2007	2013	2,281	N.A.	N.A.	3,053	Discounted Cash Flow Approach	CBRE
91	Jalandhar Mall	Retail	Jalandhar	CapitaRetail India Development Fund ²⁴	29.54%	Under Development	614,000	N.A.	930	Freehold	2011	2014	1,741	N.A.	N.A.	1,332	Discounted Cash Flow Approach	CBRE
92	Mangalore Map ²⁰	Retail	Pandeshwar Road, Mangalore	CapitaRetail India Development Fund ²⁴	15.14%	Under Development	494,235	N.A.	631	Freehold	2008	2012	1,347	N.A.	N.A.	1,706	Discounted Cash Flow Approach	CBRE
93	Mysore Mall	Retail	Abba Road/ Hyder Ali Road, Mysore	CapitaRetail India Development Fund ²⁴	22.27%	Under Development	3,59,697	N.A.	417	Freehold	2011	2013	994	N.A.	N.A.	769	Discounted Cash Flow Approach	CBRE
94	Nagpur Mall	Retail/ Office/ Hotel	Umer Road, Nagpur	CapitaRetail India Development Fund ²⁴	29.54%	Under Development	1,020,000	N.A.	968	Freehold	2012	2014 (Office, Hotel, Retail Phase 1) 2015 (Retail Phase 2)	2,789	N.A.	N.A.	1,936	Discounted Cash Flow Approach	CBRE
95	The Celebration Mall, Udaipur	Retail	Udaipur	CapitaRetail India Development Fund ²⁴	37.27%	Completed	391,806	391,806	509	99 years, expiring in May 2103	N.A.	2011	N.A.	16,910	69.0%	1,907	Income Capitalization Approach	CBRE
Total							6,361,071	895,747								18,378		

- 1 Completion of acquisition is subject to satisfaction of conditions precedent, however the management and risks and rewards have already been passed to the entities holding the properties and the Company's interests in these properties are accounted for as "properties under development".
- 2 Subject to satisfaction of conditions precedent and completion of the acquisitions. Title, risks and rewards of the property interests have not passed to the Company. The properties are not under the control or management of the Company.
- 3 CapitaMall Qibao, Shanghai, and CapitaMall Shapingba, Chongqing, are held through interest in CRCT and CapitaRetail China Incubator Fund (which was renamed CapitaMalls China Incubator Fund on September 9, 2011) respectively, by way of master lease.
- 4 The Company has placed deposits for Bedok Site and Jurong Gateway Site. Titles will be transferred to the Company under fulfilment of certain conditions and payment of 75% of the acquisition prices. The entities holding these properties will account for them as properties under development upon transfer of title. As such, no valuation reports have been prepared for these properties.
- 5 Completion of the acquisition for East Coast Mall is subject to various conditions precedent, including obtaining regulatory approvals and financing for the acquisition of East Coast Mall. CMA's effective stake in CMMT is subject to change upon completion of the acquisition.
- 6 GFA, NLA, No. of Carparks, Occupancy Rate, Monthly Net Rental and Valuation Amount are based on 100% stake and not effective stake.
- 7 On August 18, 2011, the Company announced that it has entered into conditional agreements to acquire a further 50% interest in each of Hongkou Plaza and Minhang Plaza, increasing its effective stake in each of these properties to 72.5% and 65%, respectively. Completion is expected to take place in the fourth quarter of 2011.
- 8 In general, under the Regulations of China concerning the Grant and Assignment of the Rights to Use State-Owned Land Use Rights in Urban Areas, the use of state land is up to 40 years for commercial (which includes wholesale and retail).
- 9 Formerly known as CapitaMall Zhengzhou.
- 10 Formerly known as New Minzhong Leyuan Mall.
- 11 The retail portion opened in June 2011 and the office portion is scheduled to be completed in 2012.
- 12 The tenure expiry date has not been issued by the authorities yet.
- 13 Refers to residual land value only.
- 14 Occupancy rate as of May 1, 2011.
- 15 Refers to approximately 90.7% of retail strata area and 100% of the car park bays.
- 16 Refers to approximately 61.9% of aggregate retail floor area of Sungei Wang Plaza and 100% of the car park bays.
- 17 Held through a combination of equity and debentures.
- 18 NLA for India includes loading for common area.
- 19 Asset plan is currently under review.
- 20 The India Development Fund owns a 49% interest in an SPV that has a 68% interest in the property.
- 21 Renamed CapitaMalls China Development Fund II on September 9, 2011.
- 22 Renamed CapitaMalls China Incubator Fund on September 9, 2011.
- 23 Renamed CapitaMalls Japan Fund Pte. Ltd. on September 9, 2011.
- 24 Renamed CapitaMalls India Development Fund on September 9, 2011.

Note:

On September 28, 2011, we entered into a conditional agreement with Suzhou Industrial Park Jinji Lake Urban Development (an unrelated third party) through our wholly-owned subsidiary, CMA China II Developments (HK I) Limited, to jointly develop and own, by way of a 50:50 joint venture, a shopping mall and two office towers, with a total gross floor area of about 310,000 square meters on a site in Suzhou, China, in the west Jinji Lake central business district, next to Jinji Lake. We currently expect the total development cost of this project to be approximately RMB6,740 million (S\$1,275 million). Based on our 50% interest in this proposed joint venture, we currently expect our share of the total development costs to be approximately RMB3,370 million (S\$637 million) or about 7.9% of the total property value held by us as at 30 June 2011 (based on effective stake). Upon the receipt of the necessary approvals to commence construction, the construction is expected to take about four years to complete. This is not reflected in the above table as the table reflects our property interests as at June 30, 2011.

Valuation & Advisory Services

CB Richard Ellis (Pte) Ltd

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Singapore 049909T (65) 6224 8181
F (65) 6225 1987www.cbre.com.sgCo. Reg. No.: 197701161R
Agency Licence No.: L3002163I

30 June 2011

Orchard Turn Retail Investment Pte Ltd
350 Orchard Road #19-08
Shaw House
Singapore 238868

And

CapitaMalls Asia Limited
39 Robinson Road
Robinson Point #18-01
Singapore 068911

Dear Sirs,

ION Orchard, 2 Orchard Turn, Singapore 238801 (the "Property")**Instructions**

We refer to instructions issued by Orchard Turn Retail Investment Pte Ltd (the "Management Company") and CapitaMalls Asia Limited (the "Company"), requesting formal valuation advice in respect of the abovementioned Property. We have specifically been instructed to provide our opinion of Market Value of the remaining leasehold interest in the Property as at 30 June 2011, subject to the existing tenancies and occupational arrangements as disclosed. We have been requested to present our valuation assessment as part of a short form valuation summary letter and a Valuation Certificate.

We have prepared the Valuation Certificate in accordance with the requirements of our instructions and the following international definition of Market Value, namely:

"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

and also on the following basis:

"the price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

- i. a willing, but not anxious, buyer and seller; and
- ii. a reasonable period within which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind; and



30 June 2011

- iii. that the property will be reasonably exposed to the market; and
- iv. that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- v. that the Trust has sufficient resources to allow a reasonable period for the exposure of the property for sale; and
- vi. that the Trust has sufficient resources to negotiate an agreement for the sale of the property."

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institution of Chartered Surveyors (RICS). In valuing the Property, we have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the International Valuation Standards published by the International Valuation Standards Council.

For the specific purposes of this summary letter, we provide a summary outlining key factors that have been considered in arriving at our opinions of value. The value conclusions reflect all information known by the valuers of CB Richard Ellis (Pte) Ltd who worked on the valuation in respect to the Property, market conditions and available data.

Reliance on This Letter

CB Richard Ellis has provided the Management Company with a short form valuation report of the Property in the form of a Valuation Certificate and its accompanying notes on the assumptions, disclaimers, limitations & qualifications. The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

- The conclusions as to the estimated value are based upon the factual information as provided by the Management Company. Whilst CB Richard Ellis has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Management Company (primarily financial information with respect to the Property or the government of Singapore (primarily statistical information relating to market conditions). CB Richard Ellis believes that every investor, before making an investment in the CapitaMalls Asia, should review the Report to understand the complexity of the methodology and the many variables involved.
- The methodologies used by CB Richard Ellis in valuing the Property – the Capitalisation of Income and Discounted Cash Flow Analysis– are based upon estimates of future results and are not predictions. These valuation methodologies are summarised in the Valuation Rationale section of this letter. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate, but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. The basic assumptions utilised for the Property is summarised in the Valuation Rationale section of this letter.



30 June 2011

- The valuation was undertaken based upon information available as at June 2011. CB Richard Ellis accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

Property Descriptions

ION is an integrated prime retail and luxury residential development. The retail component is known as ION Orchard whilst the residential component is known as The Orchard Residences. Temporary Occupation Permits were issued to ION Orchard and The Orchard Residences on 27 May 2009 and 6 October 2010 respectively. ION Orchard offers eight levels of shopping space comprising four levels above ground and four levels below. There are 531 car parking lots provided on the 5th to 8th storeys.

We have been specifically instructed to value only ION Orchard.

The gross floor area of ION Orchard (retail component) is approximately 87,727.45 square metres and the estimated total strata floor area is 94,762 square metres. As at 30 June 2011, the net lettable area of ION Orchard is approximately 624,936.8 square feet.

Tenants within the Property include majors such as Food Opera, Sephora ION, Prada, Louis Vitton and Prologue; and other specialty tenancies (including ATM/SAM tenancies). These tenancies are occupied under a common form of lease, with lease terms typically being 2 to 5 years. As at 30 June 2011, the property is 99.2% occupied.

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the commercial property market. We have primarily utilised the Capitalisation Approach and Discounted Cash Flow analysis in undertaking our assessment of the Property.

Capitalisation Approach

We have utilised a capitalisation approach in which the sustainable net income on a fully leased basis has been estimated having regard to the current passing rental income. From this figure, we have deducted property management fee as all other outgoings including property tax.

The resultant net income has thereafter been capitalised for the remaining tenure of the Property to produce a core capital value. The yields adopted reflect the nature, location and tenancy profile of the Property together with current market investment criteria, as evidenced by the sales evidence considered. Thereafter, appropriate capital adjustments have been included relating to rental reversion adjustments and capital expenditure requirements.

Discounted Cash Flow Analysis

We have also carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the Property is sold at the commencement of the eleventh year of the cashflow. This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental



30 June 2011

growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

We have investigated the current market requirements for an investment return over a 10-year period from commercial property. We hold regular discussions with investors active in the market, both as purchasers and owners of commercial properties. From this evidence, we conclude that market expectations are currently in the order of 7.5% to 8.25%. We note that the Singapore 10-year bond rate is trading in the order of 1.95% and 2.83% during the last year, indicating a risk premium of between circa 5.17% and 6.05%. The slightly higher premium for this Property reflects the inherent investment risks associated with the Property and the current status of the local bond rate.

Our selected terminal capitalisation rate, used to estimate the terminal sale price, takes into consideration perceived market conditions in the future, estimated tenancy and cash flow profile and the overall physical condition of the building in 10 years' time. The adopted terminal capitalisation rate additionally has regard to the duration of the remaining tenure of the Property at the end of the cash flow period.

Summary of Valuation

Based on the above, the following table outlines the salient valuation assumptions adopted in undertaking our assessment:

Property	Capitalisation Rate	Target Discount Rate (10-yr)	Assessed Market Value as at 30 June 2011 (\$S)	\$S psf of Net Lettable Area
ION Orchard, 2 Orchard Turn, Singapore 238801	5.25%	8.00%	2,680,000,000	4,288

Assessment of Value

We are of the opinion that the Market Value of the leasehold interest in the Property, subject to the existing tenancies and occupational arrangements as at 30 June 2011 is **\$S2,680,000,000 (Singapore Dollars: Two billion Six hundred and Eighty million only)**

Disclaimer

Mr Li Hiaw Ho, Ms Sim Hwee Yan and CB Richard Ellis have prepared this Valuation Summary Letter which appears in this prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the aforementioned Reports and this Valuation Summary letter. Mr Li Hiaw Ho, Ms Sim Hwee Yan and CB Richard Ellis do not make any warranty or representation as to the accuracy of the information in any other part of the prospectus other than as expressly made or given by CB Richard Ellis in this Valuation Summary letter.

CB Richard Ellis has relied upon property data supplied by the Management Company which we assume to be true and accurate. CB Richard Ellis takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.



30 June 2011

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. Messrs Li Hiaw Ho and Sim Hwee Yan have no present or prospective interest in the Property and have no personal interest or bias with respect to the party/s involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorised to practise as valuers and have at least 15 years continuous experience in valuation.

A copy of the Valuation Certificate of the Property is enclosed.

Yours sincerely

CB Richard Ellis (Pte) Ltd

A handwritten signature in purple ink, appearing to read 'LHH'.

Li Hiaw Ho DipUrbVal (Auck) SNZPI FSISV
Appraiser's Licence, No. AD041-2445
Executive Director – Valuation & Advisory Services
Services

A handwritten signature in black ink, appearing to read 'Sim Hwee Yan'.

Sim Hwee Yan BSc (Est. Mgt) Hons FSISV
Appraiser's Licence No. AD041-2004155J
Executive Director - Valuation & Advisory

Encl.....

Valuation & Advisory Services

CB Richard Ellis (Pte) Ltd

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VALUATION CERTIFICATE

Property: ION Orchard
2 Orchard Turn
Singapore 238801

Client: Orchard Turn Retail Investment Pte Ltd and CapitaMalls Asia Limited

Purpose: Corporate Reporting and Listing of CapitaMalls Asia Limited on The Stock Exchange of Hong Kong Limited

Legal Description: Town Subdivision 21 Lots 1272M and 80007X (Subterranean Lot). Leasehold tenure of 99 years from 13 March 2006.

Basis of Valuation: Market Value subject to existing tenancies and occupational arrangements.

Registered Owner: Orchard Turn Retail Investment Pte Ltd (737/1,000 shares) and Orchard Turn Residential Development Pte Ltd (263/1,000 shares) as Tenants-in-common in unequal shares.

Land Area: 18,649.7 sqm

Town Planning: Commercial with a plot ratio of 5.6+



Brief Description: The property is an integrated prime retail and luxury residential development. The retail component is known as ION Orchard whilst the residential component is known as The Orchard Residences. Temporary Occupation Permits were issued to ION Orchard and The Orchard Residences on 27 May 2009 and 6 October 2010 respectively. ION Orchard offers eight levels of shopping space comprising four levels above ground and four levels below. There are 531 car parking lots provided on the 5th to 8th storeys.

In this valuation exercise, we have been instructed to value only ION Orchard.

Tenancy Profile: Food Opera, Sephora ION, Prada, Louis Vitton, Prologue and other specialty tenancies (including ATM/SAM tenancies). These tenancies are occupied under a common form of lease, with lease terms typically being 2 to 5 years. As at 30 June 2011, the property is 99.2% occupied.

Monthly Net Rental: S\$12,270,000

NLA (sqft): 624,937 (Retail component only)

GFA (sqm): 87,727.45 (Retail component), 38,240 (Residential component), giving a total GFA of 125,967.45

Strata Floor Area (sqm): 94,762 (Retail component), 39,611 (Residential component, inclusive of balcony of 3,645)

Valuation Approaches: Capitalisation Approach & Discounted Cash Flow Analysis

Date of Valuation: 30 June 2011

Assessed Value: **S\$2,680,000,000** (Two Billion Six Hundred Eighty Million Dollars) This valuation is exclusive of GST.

Compliance with HK Exchange Listing Rules Chapter 5: In valuing the property, we have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the International Valuation Standards published by the International Valuation Standards Council.

Assumptions, Disclaimers, Limitations & Qualifications: This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within the report. Reliance on the valuation report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

Prepared By: CB Richard Ellis (Pte) Ltd

Per: Li Hiaw Ho DipUrbVal (Auck) SNZPI FSISV
Appraiser's Licence, No. AD041-2445
Executive Director - Valuation & Advisory Services

Per: Sim Hwee Yan BSc (Est. Mgt) Hons FSISV
Appraiser's Licence, No. AD041-2004155J
Executive Director - Valuation & Advisory Services



30 June 2011

Assumptions, Disclaimers, Limitations & Qualifications

Valuation Subject To Change:	Premise 1 - Real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. It is, therefore, recommended that the valuation be reviewed periodically.
Our Investigations:	Premise 2 - This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. We have identified certain limitations to our investigations to enable you to instruct further investigations if you consider this appropriate. CB Richard Ellis is not liable for any loss occasioned by a decision not to instruct further investigations.
Assumptions:	Premise 3 - Assumptions are a necessary part of this valuation. CB Richard Ellis adopts assumptions because some matters are not capable of accurate calculation, or fall outside the scope of our expertise, or our instructions. The risk that any of the assumptions adopted in this document may be incorrect should be taken into account. CB Richard Ellis does not warrant or represent that the assumptions on which this valuation is based, whether in respect of GST or any other matter, are accurate or correct.
Information Supplied By Others:	Premise 4 - This document contains a significant volume of information which is directly derived from other sources, without verification by us including, but not limited to tenancy schedules, planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by CB Richard Ellis as our own, even where it is used in our calculations. Where the content of this document has been derived, in whole or in part, from sources other than CB Richard Ellis, CB Richard Ellis does not warrant or represent that such information is accurate or correct.
Future Matters & GST:	Premise 5 - To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CB Richard Ellis at the date of this document. CB Richard Ellis does not warrant that such statements are accurate or correct. The general nature of the operation of the GST is now known, however, specific issues continue to arise which impact on market values. This valuation is based on the assumptions relating to GST set out in the Valuation Rationale section of this document. If any of the assumptions are found to be incorrect, or if the party on whose instructions this valuation is provided wishes our valuation to be based on different assumptions, this valuation should be referred back to CB Richard Ellis for comment and, in appropriate cases, amendment.
Site Details:	Premise 6 - A current survey has not been provided. This valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, we should be consulted to reassess any effect on the value stated herein.
Property Title:	Premise 7 - We have conducted a brief title search only. We have therefore not perused the original title/lease documentation. We have assumed that there are no further easements or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a comprehensive title search is undertaken which reveals further easements or encumbrances, we should be consulted to reassess any effect on the value stated herein.
Environmental Conditions:	Premise 8 - In the absence of an environmental site assessment relating to the property, we have assumed that the site is free of elevated levels of contaminants. Our visual inspections of the property and immediately surrounding properties revealed no obvious signs of site contamination. Furthermore, we have made no allowance in our valuation for site remediation works. However, it is important to point out that our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, we reserve the right to review our valuation assessed herein, should we deem it to be necessary.
Town Planning:	Premise 9 - It is assumed that information relating to town planning as reflected on the Singapore Master Plan 2008 is accurate. In the event that a legal requisition is obtained and the information therein is found to be materially different to the town planning information detailed within this report, we reserve the right to amend the advice provided herein. We were not advised of any road widening or other adverse planning proposals affecting the property. However, in the event that a search is undertaken which reveals that the property is affected by public scheme(s), we should be consulted to reassess any effect on the value stated herein.
Floor Areas:	Premise 10 - We have assumed that the floor areas have been calculated in accordance with the guidelines as contained in the Land Title Strata Act (LTSA). We recommend that a survey be undertaken to determine whether the areas provided differ from LTSA guidelines. In the event that there is a material variance in areas, we reserve the right to review our valuation as assessed herein.
Inclusions & Exclusions:	Premise 11 - Our valuation includes those items that form part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant) or are used in connection with the business/businesses carried on within the property.
Code on Accessibility in the Built Environment 2007:	Premise 12 - The Code deals with discrimination against persons with disabilities in respect to access to premises as well as many other areas. Should there be any concern as to whether the property may have any shortcomings in respect to this Code, we recommend that expert advice be sought from professionals qualified in this area.
Condition & Repair:	Premise 13 - We have inspected the building. However, we advise that we have not carried out a structural survey nor tested any of the services or facilities and are therefore unable to state that these are free from defect. We advise that we have not inspected unexposed inaccessible portions of the building and are therefore unable to state that these are free from rot, infestation, asbestos or other hazardous material. We have, however, viewed the general state of repair of the property and advised that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use unless otherwise stated. Our valuation assumes that a detailed report of the structure and service installations of the building would not reveal any defects requiring significant expenditure. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.

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CB Richard Ellis (Pte) Ltd

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Co. Reg. No.: 197701161R

30 June 2011

CapitaRetail China Investments Pte Ltd
39 Robinson Road
#18-01 Robinson Point
Singapore 068911CapitaMalls Asia Limited
39 Robinson Road
#18-01 Robinson Point
Singapore 068911

Dear Sirs

VALUATION OF RETAIL ASSET

- Luwan Site, Shanghai
("the Property")

Instructions

We refer to instructions issued by CapitaRetail China Investments Pte Ltd and CapitaMalls Asia Limited, requesting formal valuation advice in respect of the abovementioned retail property. We have specifically been instructed to provide our opinion of Market Value as at 30 June 2011 of the remaining leasehold interest in the Property, subject to the proposed development scheme as disclosed. We have been requested to present our valuation assessment in this valuation summary letter.

We have prepared our valuation summary in accordance with the requirements of our instructions and the following international definition of Market Value, namely:

"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

and also on the following basis:

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"the price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

- i. a willing, but not anxious, buyer and seller; and
- ii. a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind; and
- iii. that the Property will be reasonably exposed to the market; and
- iv. that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the Property being valued; and
- v. that the seller has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- vi. that the seller has sufficient resources to negotiate an agreement for the sale of the Property."

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institution of Chartered Surveyors (RICS).

We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited.

For the specific purposes of this valuation summary letter, we provide an overview outlining the key factors that have been considered in arriving at our opinions of value. The value conclusions reflect all information known by the valuers of CB Richard Ellis who worked on the valuations in respect of the Property, market conditions and available data.

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Reliance on This Letter

This report may only be relied upon by CapitaMalls Asia Limited for the proposed listing of shares on The Stock Exchange of Hong Kong Limited.

For the purposes of this proposed listing, we have prepared this valuation summary letter with knowledge that various parties may review it. The valuation summary letter is provided as part of this listing document and/or to be made available for public inspection. Its content must be read in conjunction with the listing document in its entirety and any decision to invest or reliance on any content of the valuation summary letter is on this premise.

The valuations and market information are not guarantees or predictions and must be read in consideration of the following:

- In assessing the 'As Is' market value for the Property, we have utilised the Direct Comparison, Residual Analysis and Capitalisation of Income approach. In the Residual Analysis, we have considered the cost of developing the proposed development including items such as tax, finance costs, professional fees, developers profit and construction costs are deducted from the gross development value of the proposed completed development. The remainder or 'residual' from the aforesaid deduction represents the amount which a real estate developer or investor would be prepared to pay for acquiring the property. The Capitalisation of Income approach is based upon estimates of future results and are not predictions. This methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate, but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. The valuation methodologies and basic assumptions utilised for the Property are summarised in the Valuation Rationale section of this letter.
- This assessment of market value of the Property was undertaken based upon information provided by the client for this assignment. CB Richard Ellis accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

We also refer you to our assumptions and qualifications which are appended.

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Property Description

The following section provides a brief description of the property:

Luwan Site, Shanghai

The Luwan Site, Shanghai development is situated along Xujiahui Road, within the Luwan District of Shanghai's city centre. The property was previously utilised for car parking during the Shanghai World Expo, and enjoys direct connectivity to Line 9 and 13, with the latter under construction. The surrounding development is generally residential in nature, with localised supporting retail and commercial land uses. The property is situated within close proximity to the Xintiandi and the Huai Hai Road, key commercial areas of Shanghai.

CapitaMalls Asia Limited acquired 66% stake in the property in November 2010 for a consideration of RMB 1.450 billion.

According to the information provided, the estimated cost of construction for the proposed development is RMB 1,579,000,000 and construction cost incurred as at date of valuation is approximately RMB 11,500,000. We detail below the key parameters within our residual analysis:

Valuation Parameters	Amount (RMB)
Gross Development Value	4,743,000,000
Development Fees	included within construction costs
Interest	50% of construction costs @ 6%
Development Margin	15%

The proposed development is targeted for completion by 2015.

On completion the mixed-use development will comprise a six storey shopping mall in addition to a 31 storey office tower, providing an aggregate of approximately 127,000 square metres. The development will also incorporate basement car parking. We note that the property has been partially excavated and it is expected that the development will be completed by 2015.

Summary of Property Details

The following table summarises the key property details of the Property:

Property Name	City	Remaining Lease Term (years)	Land Area (sqm)	GFA (sqm)	GRA (sqm)	NLA (sqm)
Luwan Site, Shanghai	Shanghai	45.08	24,016	181,534	127,564	N/A

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Market Commentary

China's Gross Domestic Product expanded 9.7% in the first quarter of 2011 year-on-year. This is a fall from the recent peak, at the same time last year, of 11.9%. As at April 2011, data showed that year-on-year, fixed asset investments rose 25.4%, industrial production jumped 13.4% and exports grew 25.9%. Analysts has attributed the impressive first quarter performance to strong domestic demand and a faster than expected rebound in exports, which reached record levels in April and resulted in a trade surplus almost four times expectations.

The central government has revised its growth target for 2011-2015 downwards to 7%. Independent projections however have been much more aggressive. The IMF forecasts in April 2011 predict the Chinese economy to grow by between 9.4% and 9.6% from 2011 to 2015. It observed that the centrally driven growth is expected to move towards stronger private consumption and investment. Continuing to benefit from the government's incentives to encourage domestic spending, retail sales continued to grow strongly in the first quarter. The National Bureau of Statistics reported nationwide retail sales growth of 17.1% y-o-y for April; urban retail sales grew 17.3% totalling 1.18 trillion yuan for May 2010. Higher domestic demand and rising affluence brought about by continued urbanisation augurs well for the retail sector. With increasing preference towards 2nd and 3rd tier cities, retail activities in these cities will experience greater transformation and growth, especially those in focus regions in the south-west and north-east.

The inflation rate in China as at April 2011 was an annualised 5.3%. This is a fall of 10 basis points from the previous month, though still well above the government's full year target of 4%. With the index trending upwards since mid-2009, inflation control is a key agenda item for the Chinese government. Of particular concern are increasing food prices, with a growing gap between overall inflation and inflation just attributable to food in China, and rapidly escalating private housing prices due in part to rampant speculation. Policies have been implemented with the aim of curbing growth and preventing runaway inflation, including increasing the policy lending interest rate to 6.31% and boosting the requirement reserve ratio for lending banks five times in 2011 alone, to a record 21% as of May 2011.

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the retail property market. We have utilised the Residual analysis, Direct Comparison and Capitalisation of Income approach of valuation.

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Residual Analysis

We have utilised a residual analysis to arrive at the market value for the Property. This analysis is driven by a target development profit margin with the resultant (residual) value representing the maximum price payable in order to achieve the desired profit margin. The margin indicated by this project is within acceptable market parameters having regard to the expected gross development value of the proposed development and the development cost.

The development cost and gross development value are assessed based on the development proposal provided. We have made reference to available costs guides and adjustments made to reflect market conditions as well as site configurations to arrive at the estimated development cost.

Direct Comparison Method

In our assessment of the gross development value, the Direct Comparison approach was adopted.

In undertaking this assessment, we have considered relevant general and economic factors and in particular investigated comparable sales transactions. We have had specific regard to the following factors in undertaking our assessment:

- Present market conditions;
- Location and strength of locality in terms of catchment size, shopper traffic and competing facilities;
- Design and age of the improvements.

Capitalisation Approach

We have utilised a capitalisation approach in which the sustainable net income on a fully leased basis has been estimated having regard to the net rental income.

The resultant net income has thereafter been capitalised for the remaining tenure of the Property to produce a core capital value. The yields adopted reflect the nature, location and tenancy profile of the Property together with current market investment criteria, as evidenced by the sales evidence considered. Thereafter, appropriate capital adjustments have been included relating to rental reversion adjustments.

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Summary of Market Values

The following table summarises our opinion of Market Value of the Property as at 30 June 2011, subject to the proposed development scheme.

<u>Property Name</u>	<u>Assessed Value (RMB)</u>	<u>Assessed Value (RMB/sqm GRA)</u>
Luwan Site, Shanghai	2,355,000,000	N.M.

The market value of the Property as at 30 June 2011 is:

RMB 2,355,000,000 /-

(Two Billion Three Hundred Fifty Five Million RMB)

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30 June 2011

Disclaimer

CB Richard Ellis has relied upon property data supplied by the Manager which we assume to be true and accurate. CB Richard Ellis takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions. Messrs Danny Mohr and Lim Khee Boon have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party/s involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorised to practise as valuers and have at least 15 years continuous experience in valuation.

Yours sincerely
CB Richard Ellis (Pte) Ltd

A handwritten signature in black ink, appearing to read "DMohr", written in a cursive style.

Danny Mohr AAPI MRICS
Executive Director – International Valuation, Asia

A handwritten signature in black ink, appearing to read "Lim Khee Boon", written in a cursive style.

Lim Khee Boon (Est.Mgt) Hons MSISV
Appraiser's Licence, No. AD041-2004195E
Director – International Valuation, Asia

International Valuation, Asia



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Assumptions, Disclaimers, Limitations & Qualifications

Valuation Subject To Change:	Premise 1 - Real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. It is, therefore, recommended that the valuation be reviewed periodically.
Our Investigations:	Premise 2 - This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. We have identified certain limitations to our investigations to enable you to instruct further investigations if you consider this appropriate. CB Richard Ellis is not liable for any loss occasioned by a decision not to instruct further investigations.
Assumptions:	Premise 3 - Assumptions are a necessary part of this valuation. CB Richard Ellis adopts assumptions because some matters are not capable of accurate calculation, or fall outside the scope of our expertise, or our instructions. The risk that any of the assumptions adopted in this document may be incorrect should be taken into account. CB Richard Ellis does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.
Information Supplied By Others:	Premise 4 - This document contains a significant volume of information which is directly derived from other sources, without verification by us including, but not limited to tenancy schedules, planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by CB Richard Ellis as our own, even where it is used in our calculations. Where the content of this document has been derived, in whole or in part, from sources other than CB Richard Ellis, CB Richard Ellis does not warrant or represent that such information is accurate or correct.
Future Matters:	Premise 5 - To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CB Richard Ellis at the date of this document. CB Richard Ellis does not warrant that such statements are accurate or correct. If any of the assumptions are found to be incorrect, or if the party on whose instructions this valuation is provided wishes our valuation to be based on different assumptions, this valuation should be referred back to CB Richard Ellis for comment and, in appropriate cases, amendment.
Site Details:	Premise 6 - A current survey has not been provided. This valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, we should be consulted to reassess any effect on the value stated herein.
Property Title:	Premise 7 - We have been provided with a brief title search only. We have therefore not perused the original title/lease documentation. We have assumed that there are no further easements or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a comprehensive title search is undertaken which reveals further easements or encumbrances, we should be consulted to reassess any effect on the value stated herein.
Environmental Conditions:	Premise 8 - In the absence of an environmental site assessment relating to the subject property, we have assumed that the site is free of elevated levels of contaminants. Our visual inspections of the subject property and immediately surrounding properties revealed no obvious signs of site contamination. Furthermore, we have made no allowance in our valuation for site remediation works. However, it is important to point out that our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, we reserve the right to review our valuation assessed herein, should we deem it to be necessary.
Town Planning/ Land Use Right:	Premise 9 - The information relating to town planning is as reflected on the Land Use Rights Certificate provided and is assumed to be accurate. In the event that a legal requisition is obtained and the information therein is found to be materially different to the town planning/land use rights information detailed within this report, we reserve the right to amend the advice provided herein. We were not advised of any road widening or other adverse planning proposals affecting the property. However, in the event that a search is undertaken which reveals that the property is affected by public scheme(s), we should be consulted to reassess any effect on the value stated herein.
Floor Areas:	Premise 10 - We have assumed that the floor areas have been calculated in accordance with the prevailing guidelines and legal requirements. In the event that there is a material variance in areas, we reserve the right to review our valuation as assessed herein.
Inclusions & Exclusions:	Premise 11 - Our valuation includes those items that form part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant) or are used in connection with the business/businesses carried on within the property.
Condition & Repair:	Premise 12 - We have inspected the building. However, we advise that we have not carried out a structural survey nor tested any of the services or facilities and are therefore unable to state that these are free from defect. We advise that we have not inspected unexposed or inaccessible portions of the building and are therefore unable to state that these are free from rot, infestation, asbestos or other hazardous material. We have, however, viewed the general state of repair of the property and advised that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use unless otherwise stated. Our valuation assumes that a detailed report of the structure and service installations of the building would not reveal any defects requiring significant expenditure. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.

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VALUATION CERTIFICATE

Property:	Luwan Site, Shanghai Luwan District, Shanghai The People's Republic of China	
Client:	CapitaRetail China Investments Pte Ltd and CapitaMalls Asia Limited	
Purpose:	Corporate Reporting and Listing Purposes	
Interest Valued:	Leasehold interest which will expire on 19 July 2056. Balance term is 45.08 years.	
Basis of Valuation:	Market Value on an 'As Is' Basis	
Registered Owner:	Shanghai Yongwei Real Estate Co., Ltd	
Land Area:	24,016 sqm	
Land Use Rights:	Other commercial and services use	
Brief Description:	The Luwan Site, Shanghai development is situated along Xujiahui Road, within the Luwan District of Shanghai's city centre. The property was previously utilised for car parking during the Shanghai World Expo, and enjoys direct connectivity to Line 9 and 13, with the latter under construction. The surrounding development is generally residential in nature, with localised supporting retail and commercial land uses. The property is situated within close proximity to the Xintiandi and the Huai Hai Road, key commercial areas of Shanghai.	
Proposed Development:	On completion the mixed-use development will comprise a six storey shopping mall in addition to a 31 storey office tower, providing an aggregate of approximately 127,000 square metres. The development will also incorporate basement car parking comprising approximately 746 lots. Construction commenced Q2 2009, with a completion target during 2015. We have been advised by CapitaMalls Asia that the estimated cost of construction is RMB 1,579,000,000. We note that the property has been partially excavated.	
GRA (sqm)	127,564	
GFA (sqm)	181,534	
General Comment:	China's GDP expanded by 9.7% y-o-y in Q1 2011, a fall from the recent peak of 11.9% in the same period last year. Amidst concerns on escalating commodity and residential real estate prices, the central government recently announced a lowered growth target of 7% for the period from 2011 to 2015 and implemented a series of financial measure to curb inflation, which stands at 5.3% y-o-y as of April. This moderated growth target is aimed at striking a balance between the pace of growth, job creation and inflation control. Retail sales continued to be strong for the first four months of 2011, registering growth of 17.1% overall and 17.3% for urban areas over last year's corresponding period. Inflationary pressures aside, the outlook for the Chinese economy remains positive, underpinned by growing domestic consumption and healthy expansion in all the major sectors.	
Valuation Approaches:	Capitalisation Approach, Direct Comparison & Residual Analysis	
Date of Valuation:	30 June 2011	
Assessed Value (RMB):	¥ 2,355,000,000 Two Billion Three Hundred Fifty Five Million RMB	
Assumptions, Disclaimers, Limitations & Qualifications	<i>This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this valuation summary letter which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. For the purposes of this proposed listing, we have prepared this valuation summary letter with knowledge that various parties may review it. The valuation summary letter is provided as part of this listing document and/or to be made available for public inspection. Its content must be read in conjunction with the listing document in its entirety and any decision to invest or reliance on any content of the valuation summary letter is on this premise. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.</i>	
Prepared By:	CB Richard Ellis (Pte) Ltd	

Per: Danny Mohr AAPI MRICS
Registered Valuer
Executive Director - International Valuation, Asia

Per: Lim Khee Boon BSc (Est. Mgt) Hons MSISV
Appraiser's Licence, No. AD041-2004195E
Director - International Valuation, Asia

International Valuation, Asia



30 June 2011

Legal Title Details

The legal details for the property as provided, and upon which we have relied on in our valuation are as appended below:

Land Use Rights Certificate

Title No.	Location	Use	Expiry	Area (sqm)
(2007) 000912	Qui 4/3, Jiefeng 65, Dapuqiao Street, Luwan District, Shanghai	Other Commercial and Services Use	19-Jul-56	24,016
Total Site Area:				24,016

Land Planning Permit

Serial No.	Date of Issue	Location	Area (sqm)
(2007) 03070115E00055	15-Jan-2007	South Plot of 258 Nong, Jiefang 65, Xujiahui Road, Luwan District, Shanghai	24,002

Construction Planning Permit

Serial No.	Issue Date	Project	Area (sqm)
(2009) FA31010320090590	20-Mar-2009	Piling Foundation Work	-
(2009) FA31010320090591	20-Mar-2009	Basement (connection of metro station of Shanghai World Expo)	15,013

Construction Permit

Serial No.	Issue Date	Project	Area (sqm)
0701LW0002D01 310103200703141301	12-May-2009	Piling Foundation Work	-
0701LW0002D02 310103200703141301	19-May-2009	Basement (connection of metro station of Shanghai World Expo)	15,013

Construction Land Permit Certificate

Serial No.	Issue Date	Area (sqm)
(2010) 002	3-Feb-2010	24,002

Date and Cost of Original Acquisition

CapitaMalls Asia Limited acquired 66% stake in the property in November 2010 for a consideration of RMB 1.450 billion.

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Legal Opinion

We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificate and Building Ownership Certificate are valid, legal and enforceable under the PRC laws;
- (ii) The land use rights and building ownership of the property have been vested in the Group;
- (iii) As the necessary approvals and documents have been obtained for the Property, the Company is entitled to commence the construction work.

Compliance Statement

The valuation complies with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited.

OVERVIEW OF OUR SHARE-BASED INCENTIVE PLANS

On October 30, 2009, our sole shareholder then approved a performance share plan and a restricted stock plan known as the performance share plan (the “Performance Share Plan”) and the restricted stock plan (the “Restricted Stock Plan” together with the Performance Share Plan, the “Share Plans”).

The establishment of the Share Plans is to recognize the contributions and continued dedication of its participants (“Participants”) and reward them with the award comprising fully paid Shares, or the equivalent in cash or a combination of both (the “Award”).

We believe that the Share Plans will enable us to attract, retain and incentivise Participants to higher standards of performance as well as encourage greater dedication and loyalty by giving recognition to past contributions and services as well as motivating them to contribute to our long-term growth.

The final number of Shares to be released under each of the Share Plans will depend on the achievement of predetermined targets in respect of the relevant Share Plan over a specified performance period. No Shares will be released pursuant to a Share Plan if the relevant threshold targets are not met at the end of the performance period. There is no vesting period for Shares released under the Performance Share Plan while those under the Restricted Stock Plan will be released over a vesting period specified by the Executive Resource and Compensation Committee (“ERCC”).

The reason for having the Share Plans is to give us greater flexibility in structuring the compensation packages of eligible Participants and providing an additional tool to motivate and retain staff members so that we can offer compensation packages that are market-competitive.

The rules of the Share Plans may be inspected by shareholders at the registered office of our Company for a period of six months from the date of registration of this listing document.

Please see “Summary of our Share Plans” below for a summary of the rules of the Share Plans.

DISCLOSURES IN ANNUAL REPORT

We will disclose in our annual report information in compliance with the requirements of the SGX Listing Manual for so long as the Share Plans continue in operation.

ADMINISTRATION OF THE SCHEMES

The Share Plans are administered by the ERCC in accordance with the requirements of the SGX Listing Manual.

SUMMARY OF OUR SHARE PLANS

The following is a summary of the principal rules of the Share Plans.

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the SGX Listing Manual) of the Company or their associates, are eligible to participate in the Share Plans at the absolute discretion of the ERCC:

- (i) employees of our Group who have attained the age of twenty-one (21) years and hold such rank as may be designated by the ERCC from time to time;
- (ii) non-executive directors who have, in the opinion of the ERCC, contributed or will contribute to the success of the Group;

- (iii) employees of associated companies over which our Group has control, have attained the age of twenty-one (21) years and hold such rank as may be designated by the ERCC from time to time and who, in the opinion of the ERCC, have contributed or will contribute to the success of our Group; and
- (iv) employees of CapitaLand and such subsidiaries of CapitaLand that may be designated by the ERCC for the purposes of the Share Plans, having attained the age of twenty-one (21) years and hold such rank as may be designated by the ERCC from time to time and who, in the opinion of the ERCC, have contributed or will contribute to the success of our Group.

Controlling shareholders (as defined in the SGX Listing Manual) and their associates will not be eligible to participate in the Share Plans.

Awards under the Share Plans

An Award under the Share Plans represents the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed performance target(s) within the performance period prescribed by the ERCC.

Release of Awards under the Share Plans are conditional upon the ERCC being satisfied that the prescribed performance target(s) have been achieved within the prescribed performance period. There is no vesting period for Shares released under the Performance Share Plan, while Awards under the Restricted Stock Plan may be released only after the expiry of a vesting period as determined by the ERCC.

The selection of a Participant under each of the Share Plans and the number of Shares to be granted to a Participant under an Award shall be determined at the absolute discretion of the ERCC, taking into account, among others, criteria such as his rank, job performance, years of service and his contribution to the success and development of the Group.

Determination by the Executive Resource and Compensation Committee

In relation to each Award under any Share Plan, the ERCC shall decide, among others, matters such as the Participant, the date on which the Award is to be granted, the performance conditions and the period during which they are to be satisfied, the number of Shares which are the subject of that Award and the vesting period of the Awards (in respect to the Restricted Stock Plan).

After such determination, an award letter confirming the Award under the relevant Share Plan and specifying such relevant information relating to the Award will be sent to each Participant.

Vesting and Lapsing of Awards

In certain circumstances, the ERCC has the discretion to allow Awards to lapse, or to preserve all or any part of any Award and either to vest some or all of the Shares subject to any award, or preserve all or any part of any Award until the end of the relevant performance period. Such circumstances include where a Participant ceases to be in the employment of our Group or associated companies over which our Group has control, the death or bankruptcy of a Participant and the misconduct on the part of a Participant, and any other event approved by the ERCC.

Size and duration of the Share Plans

The number of Shares which may be issued to the Participants shall be subject to the requirements of the SGX Listing Manual, and the total number of Shares issued pursuant to Awards granted under the Share Plans or any other of our Company's schemes shall not exceed 15.0% of the issued share capital of our Company (excluding treasury shares) on the day preceding the relevant date of the Award.

Unless otherwise approved by shareholders or any relevant authorities which may then be required, each of the Share Plans shall continue in force for a maximum period of 10 years from the date of their respective adoption by the Group.

The expiry or termination of Share Plans shall not affect Awards granted to Participants under them, whether such Awards have been released (fully or partially) by the ERCC.

Operation of the Share Plans

The Shares to be issued to Participants pursuant to the relevant Share Plans upon vesting of their Awards will be fully paid upon their issuance and allotment, and they shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The ERCC shall have the discretion to determine whether a performance condition under the relevant Share Plan has been satisfied (whether fully or partially) or exceeded. In making any such determination, the ERCC shall have the right to make computational adjustments to the audited results of our Group or an associated company over which our Group has control, as the case may be, to take into account such factors as the may determine to be relevant, including changes in accounting methods, taxes and extraordinary events. In the event that the ERCC determines, in its sole discretion, that the Participant has not satisfied the performance condition under the relevant Share Plan or if the Participant is no longer eligible to participate in the relevant Share Plan, such Award shall lapse and be of no value.

Adjustment events

If a variation in the issued ordinary share capital or reserves of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, or if our Company shall make a declaration of a special dividend (whether in cash or *in specie*), the ERCC may as it deems appropriate determine to adjust the class and/or number of Shares subject to an Award which has not been vested, or of future Awards under the Share Plans, provided that the Participants will not receive a benefit a holder of Shares does not receive.

Unless the ERCC considers otherwise, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase on the SGX-ST of such Shares undertaken by our Company on the SGX-ST pursuant to a share purchase mandate in force, shall not normally be regarded as a circumstance requiring adjustment.

Modifications or alterations to the Share Plans

The Share Plans may be modified and/or altered from time to time by a resolution of the ERCC, except that no modification or alteration shall be made where:

- (i) the rights attached to Awards are adversely affected, unless approved by Participants who would become entitled to not less than three-quarters of the aggregate number of all the Shares which would fall to be vested upon release of all outstanding Awards under the relevant Share Plan upon the performance condition(s) for all outstanding Awards being satisfied in full;
- (ii) they are to be made to the advantage of the Participants except with the prior approval of Shareholders in general meeting; and
- (iii) the prior approval of the SGX-ST and such other regulatory authorities as may be necessary has not been obtained.

Additionally, the ERCC may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter either of the Share Plans in any way to the extent necessary to cause the relevant Share Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

CHAPTER 17 OF THE HKEX LISTING RULES AND RULES 843 TO 861 OF THE SGX LISTING MANUAL

Chapter 17 of the HKEx Listing Rules sets out detailed provisions relating to all schemes involving the grant by a listed issuer or any of its subsidiaries of options over new shares or other new securities of the listed issuer.

As discussed above, Award under the Share Plans represents the right of a Participant to receive fully paid Shares free of charge. Unlike share options, there is no option exercisable by or discretion given to a Participant in respect of share awards granted under share-based incentive plans like the Share Plans. Shares will be released to a Participant upon achieving certain pre-determined performance targets and subject to applicable conditions. Concepts common to share options such as exercise period and exercise price are therefore not applicable to share-based incentive plans.

As Chapter 17 of the HKEx Listing Rules only regulates employee share options plans and not share-based incentive plans like the Share Plans, the Share Plans will continue to be regulated under Rules 843 to 861 of the SGX Listing Manual and not Chapter 17 of the HKEx Listing Rules. Future share-based incentive plans like the Share Plans which our Company may adopt in the future shall similarly be regulated under the SGX Listing Manual and not the HKEx Listing Rules, unless the HKEx Listing Rules are modified to apply to such share-based incentive plans.

Under the SGX Listing Manual, the aggregate number of new Shares which may be issued pursuant to awards granted under either Share Plan on any date, when added to the number of new Shares issued and issuable in respect of all awards granted under the two Share Plans shall not exceed fifteen (15) per cent. of the total number of issued Shares (excluding treasury Shares) on the day preceding that date.

Pursuant to the SGX Listing Manual and rules of the Share Plans, disclosures will be made by the Company in its annual report in respect of, among other things:

- the aggregate number of Shares granted under both Share Plans since the commencement of the Share Plans to the end of the financial year under review; and
- name of and number of new Shares issued/existing Shares transferred to participants who have received Shares pursuant to the Share Plans, which, in aggregate, represent five (5) per cent, or more of the aggregate of:
 - the total number of new Shares available under both Share Plans collectively; and
 - the total number of existing Shares delivered pursuant to both Share Plans collectively.

The following sections in this “Appendix V — Industry Overview” have been prepared by each of Urbis Pty Ltd (with respect to Singapore and Japan), DTZ Debenham Tie Leung Limited (with respect to China), CB Richard Ellis (Malaysia) Sdn Bhd (with respect to Malaysia) and Jones Lang LaSalle Property Consultants (India) Pvt. Ltd. (with respect to India) (the “Industry Consultants”) for the purpose of inclusion in this offering document. All the information and data presented in this Appendix V in respect of Singapore, China, Malaysia, Japan and India, including the analysis of the respective markets in which we operate, have been provided by the relevant Industry Consultant. Each of them has advised that the statistical and graphical information contained in the relevant section is drawn from its database and other sources. In connection therewith, each Industry Consultant has advised that: (i) certain information in its respective database is derived from estimates or subjective judgments; (ii) the information in the databases of other data collection agencies may differ from the information in its database; (iii) whilst each Industry Consultant has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors; (iv) each Industry Consultant, its agents, officers and employees does not accept liability (save as may be required by applicable laws and regulations) for any loss suffered in consequence of reliance on such information or in any other manner; and (v) the provision of such data, graphs and tables does not obviate the need to make appropriate further inquiries. We believe that the sources of the information contained in this appendix are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any facts has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors or any party involved in this listing and no representation is given as to its accuracy. You should not assume that the information and data contained in this section is accurate as of any date other than the date of this listing document or as otherwise indicated. You should also be aware that since the date of this listing document or the other relevant dates indicated, there may have been changes in the retail real estate industry and the various sectors therein which could affect the accuracy or completeness of the information in this Appendix V.

SINGAPORE RETAIL MARKET OVERVIEW – JUNE 2011

OVERVIEW OF THE ECONOMY

Country Overview

Singapore, as one of the Asian Tiger economies, has progressively transformed itself since the 1960s to become a modern industrialised economy generating high standards of living for its residents. Political stability and a robust legal and regulatory framework continue to provide an environment friendly to business and investment. Singapore has used its strategic location on one of the world’s highest volume shipping lanes to become a centre of trade, manufacturing and finance. It has progressively moved up the value chain from simple manufacturing to become a major producer of electronics and pharmaceuticals. The rise of low-cost producers in countries such as China and Vietnam is seeing Singapore move its industry to capital and knowledge intensive manufacturing, finance and the services sector as well as continuing to develop the tourism sector.

As a trade hub, financial centre and manufactured goods exporter, Singapore’s economy is highly integrated with the global economy. The open approach adopted by the government has underpinned Singapore’s economic success but the economy is consequently highly exposed to fluctuations in the global economy, both positive and negative.

Macroeconomic Overview

Economic growth

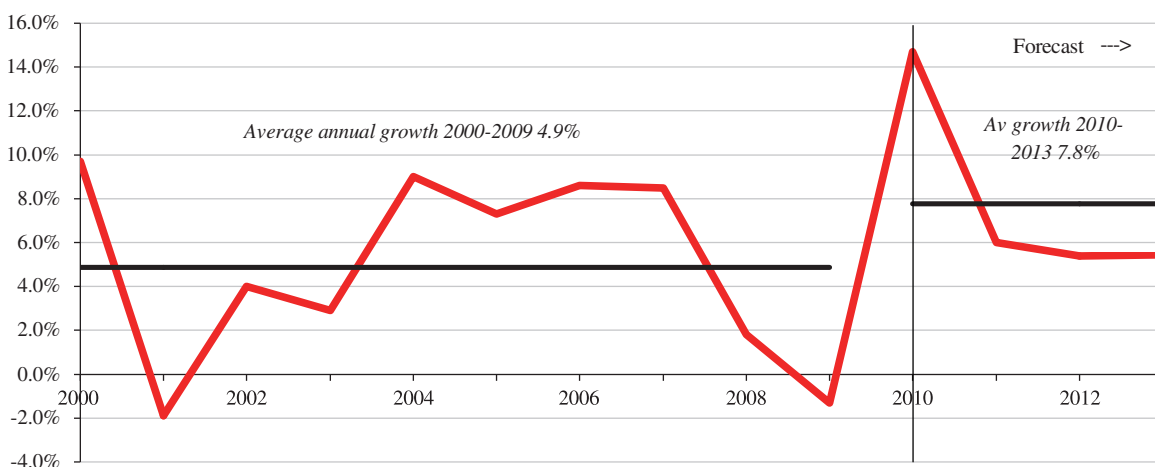
Singapore experienced an average real GDP growth of 4.9% during the period between 2000 and 2009. This was despite the global financial crisis (GFC), which saw real GDP growth decline to 1.5% in 2008 and -0.8% in 2009. In 2010, Singapore's economy emerged strongly from the downturn as the nascent global recovery propelled the nation's GDP growth to one of the highest levels recorded since independence.

The recovery was driven by the manufacturing sector, particularly the strong yet volatile pharmaceutical industry, which grew by an estimated 29.9% for the year. Construction also performed strongly in 2010, although it finished the year on a flat note, contracting by 2.2% year-on-year in the final quarter. Meanwhile, the services sector grew by 10.5% for the year, driven by strong growth in tourism. Estimates of output for the fourth quarter show growth of 3.9% from the previous quarter, leading to a total GDP growth estimate of 14.5% for the year.

Beyond 2010, growth is forecast by Consensus Economics to moderate to 6.0% in 2011, 5.3% in 2012 and 5.4% in 2013. The Singapore Government broadly agrees, forecasting growth of between 5.0% and 7.0% in 2011 (According to the Ministry of Trade and Industry in May 2011). There is, however, some potential for downside risk. Persistent weakness in the US, and high debt levels in some European economies pose some threat to the stability of the global financial system and overall rates of recovery. As an open economy that is highly dependent on world trade, Singapore is particularly vulnerable to any potential future downturns in the world economy.

Singapore Real GDP Growth, 2000-2013

Chart 1



Source: Consensus Economics Inc (London) - June 2011: Urbis.

Private consumption expenditure

Private Consumption Expenditure (PCE) represents the contribution of private households to GDP. It is relevant to the retail market as retail sales are a subset of PCE. Typically PCE growth follows GDP growth, although it is less volatile.

Over the period 2000-2009, real PCE growth in Singapore averaged 4.5%. The GFC-induced recession affected household spending, which was reflected in a reduction in PCE growth to 3.2% in 2008 and 0.2% in 2009. The recovery in 2010 saw PCE expand by 4.2%. Looking forward, Consensus Economics is forecasting PCE growth at 4.8% in 2011, 4.9% in 2012 and 4.9% in 2013.

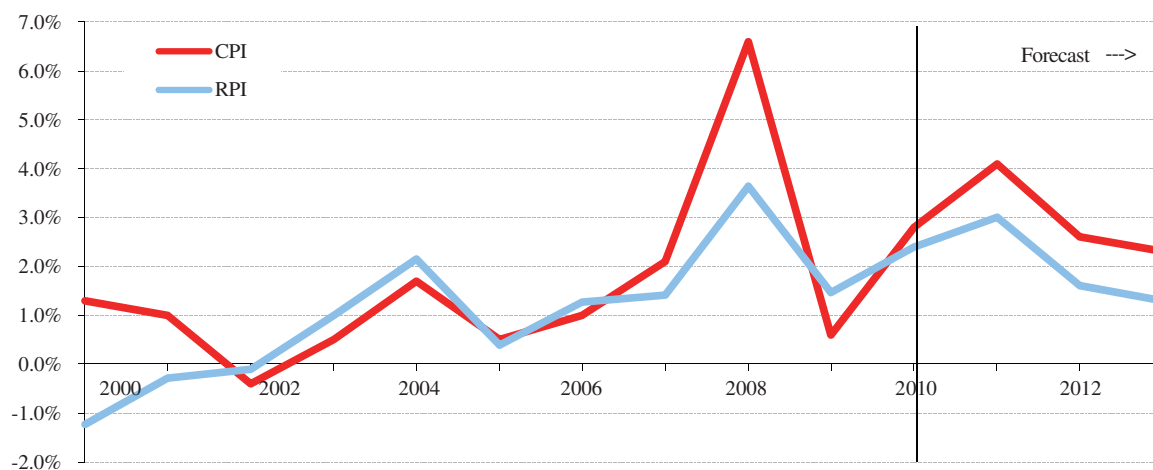
Inflation

Due to the weakened global economy, consumer prices grew by only 0.6% in 2009. However, the resurgence in global demand brought about by the economic recovery saw inflationary pressures resume in 2010, with consumer price inflation at 2.8% for the year. Going forward, Consensus Economics forecasts inflation to be relatively high at 4.1% in 2011, before moderating to 2.6% in 2012 and 2.3% in 2013.

Retail price inflation (RPI) only looks at retail-related items, such as food and groceries, apparel and homewares; it strips out non-retail components including housing, education and utility prices. RPI, as would be expected, generally tracks with CPI. In 2010, we estimated that RPI was around 2.4%. We forecast that this will increase slightly to 3.0% in 2011, before moderating to 1.6% in 2012 and 1.3% in 2013.

Singapore Inflation (CPI & RPI), 2000-2013

Chart 2



CPI = Consumer Price Index, Source: Consensus Economics Inc (London) - June 2011

RPI = Retail Price Index; Source: Urbis.

Tourism

The tourism industry contributes considerably to the retail market in Singapore. Based on Urbis estimates, tourists will account for approximately 17% of retail sales in 2010, a significant increase from approximately 15% of retail sales in 2009.

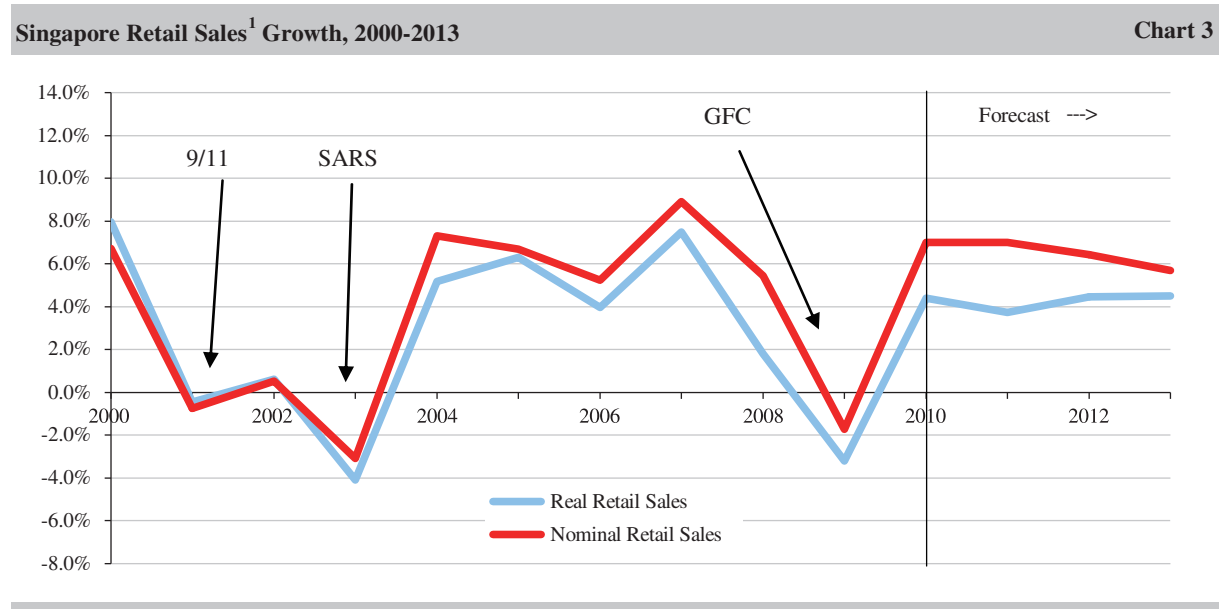
Singapore's tourism industry had an exceptional year in 2010. A global recovery in tourism coupled with the completion of several new tourist attractions, most notably the two new integrated resorts, and the hosting of several world events, such as the inaugural Youth Olympic Games, have provided the industry with a significant boost. According to the Singapore Tourism Board, tourist arrivals totalled 11.6 million in 2010, an increase of 20.2% on the total arrivals in 2009.

Going forward, growth in tourist arrivals is forecast by Urbis to continue strongly in 2011 at 10.0% before moderating slightly to 8.0% in 2012 and 6.0% in 2013.

Retail sales

In tandem with the economic recovery, Singapore retail sales also displayed a strong recovery in 2010. Data from the Singapore Department of Statistics estimates indicate nominal retail sales growth of 6.8% for 2010 (excluding motor vehicles and fuel). This is a big improvement from 2009, when a reduction in tourist arrivals and a decline in consumer sentiment caused retail sales to contract by 1.7%.

Looking forward, retail sales growth is expected to moderate slightly, but still remain strong. Forecast growth rates for 2011, 2012 and 2013 are 6.8%, 6.1% and 5.8% respectively.



1. Excludes motor vehicle sales.
 Source: Singapore Department of Statistics; Urbis.

Demographic Overview

Population growth

According to the Singapore Census of Population 2010, the total population of Singapore in June 2010 was 5.1 million people. Of this population, 3.8 million are either citizens or permanent residents. The remaining 1.3 million, equivalent to 25.5% of the total population, known as “non-residents”, are mainly expatriate workers on long-term working visas. These workers include both skilled professionals and unskilled workers.

Over the next three years, population growth is forecast to average 2.2% per year, which equates to an additional 112,000 people per year. Due to a low birth rate, the resident population is forecast to grow at an average rate of only 1.5% per year. With more employment opportunities created by Singapore’s expanding economy, immigration will remain the key driver of population growth. Therefore the non-resident population is forecast to grow at an average of 4.0% per year.

Average monthly income

Singaporeans have enjoyed rising incomes for many years, with average monthly earnings growing from S\$2,347 in 1996 to S\$3,977 in 2008. However, 2009 saw a reversal in this trend, with average monthly earnings reduced to S\$3,872; 2.6% lower than the 2008 average. The recovery in 2010 has spurred an increase in average wages, with data from the Ministry of Manpower stating that the average monthly earnings over that year were S\$4,089, an increase of 5.6% on 2009. Data for the first quarter of 2011 indicates that average monthly earnings have increased further to S\$4,677, continuing the upward trend of wages in Singapore.

SINGAPORE RETAIL PROPERTY MARKET OVERVIEW

General Overview of the Singapore Retail Property Market

Singapore retail property is very focused on shopping centres, which make up an estimated 42.5% of all retail floorspace. Singapore's tightly controlled planning system means that the supply of retail floorspace is low compared to other countries, and shopping centres are often located adjacent to major public transport nodes such as MRT stations and bus interchanges.

In Singapore, department stores anchor most of the larger malls with BHG, Isetan and Metro as the predominant large tenants. Takashimaya and Robinsons are the other two department store brands in Singapore, and they currently only have a presence in the Orchard/Central area.

Hypermarkets and supermarkets are also common anchor tenants, and are more commonly found in suburban centres that have a focus on convenience/everyday shopping. Hypermarket brands present in Singapore include Giant, Carrefour and NTUC Fairprice Xtra. The most common supermarket brands are Cold Storage, NTUC Fairprice and Shop N Save.

Other common anchor tenants include large format books and electronics retailers, cineplexes and food courts. Food courts in particular have a stronger draw than in other countries due to the propensity of Singaporeans to eat out.

Key Retail Areas

In 2010, Singapore had a total shopping centre floorspace of 23.2 million sq.ft, which was 42.5% of the total retail floorspace provision of 54.3 million sq.ft. This stock can be broken into three major markets:

- **Orchard Road:** This is the primary retail sub-market in Singapore and one of the most famous shopping destinations in the world. As such it is popular with both tourists and locals alike. With an estimated 5.5 million sq.ft of shopping centre floorspace, it accounts for almost one quarter of all enclosed retail floorspace in Singapore. Orchard Road's premier position within the Central Area has been reinforced in recent years with the addition of new centres, including ION Orchard and 313@Somerset, as well as a S\$50 million rejuvenation of the public space associated with Orchard Road.
- **Elsewhere in the Central Area:** This sub-market contains a number of other important retail destinations within the city centre, including the Bras Basah, Marina and Singapore River areas. Bras Basah includes amongst other centres Raffles City and Bugis Junction. Marina on the other hand, includes Suntec City, Marina Square and Millenia Walk which have a combined area of nearly 2 million sq.ft of retail space, plus the newly opened Marina Bay Shoppes at Marina Bay Sands, which will total around 750,000 sq.ft when fully completed. Along the Singapore River; Clarke Quay and Boat Quay are popular dining precincts which offer alternative dining and entertainment options. The Harbourfront/Sentosa area is another important city fringe location, with VivoCity, Singapore's largest mall, and Resorts World Sentosa located in this area.
- **Suburban:** This sub-market includes retail malls located across the island, but most of which are located adjacent to transportation nodes including MRT stations and bus interchanges. These malls will usually enjoy a large population catchment due to their easy accessibility.

Key Players & Competitors

CapitaMalls Asia (CMA) manages the largest portfolio of retail properties in Singapore. CMA directly owns a 1.5% share of all major shopping centre floorspace in Singapore (i.e. centres over 100,000 sq.ft), and manages another 16.2% share on behalf of CapitaMall Trust (CMT). Due to the scale of operation, CMA has significant competitive advantages in terms of maintaining an extensive network of tenants and achieving economies of scale in mall management.

Retail Floorspace Supply

We estimate that the total retail floorspace in Singapore as at December 2010 was 54.3 million sq.ft of net lettable area (NLA). Around 42.5% of this space (equivalent to 23.2 million sq.m) is estimated to be in shopping centres and around 90% of this shopping centre space is accounted for by major shopping centres (i.e. centres over 100,000 sq.ft).

A significant amount of shopping floorspace, totalling 2.2 million sq.ft, was added in 2009. The majority of this space, some 1.3 million sq.ft, was added in Orchard Road, including the new centres ION Orchard, 313@Somerset and Orchard Central. 2010 also saw a significant amount of shopping centre floorspace, some 1.7 million sq.ft, added to the Singapore market. Major projects included Resorts World Sentosa, the first stage of Marina Bay Shoppes, and nex at Serangoon, which opened in November 2010. The significant increase in supply, combined with slower trading conditions in 2009, has caused rents to soften, as discussed later on.

In the pipeline, there is a further 2.6 million sq.ft of new shopping centre floorspace expected to be completed over the 2011-2013 period. Significant projects include the second phase of Marina Bay Shoppes, the redevelopment of Katong Mall and the Jurong Entertainment Centre, and a new mixed-use development adjacent to the Jurong East MRT station.

The total amount of shopping centre floorspace is forecast to reach 25.8 million sq ft by 2013. Consumers can look forward to more variety and shopping locations given the amount of retail space in the pipeline.

The total amount of retail floorspace per capita in Singapore was estimated at 10.7 sq.ft in 2010 and is forecast to grow only slightly to 10.8 sq.ft by 2013. At this level of provision, Singapore retail floorspace per capita remains low compared to other developed Asian countries, such as Hong Kong, South Korea and Japan. This is not due to low demand but rather is primarily attributable to the very tight planning controls in Singapore which limit the development of retail centres.

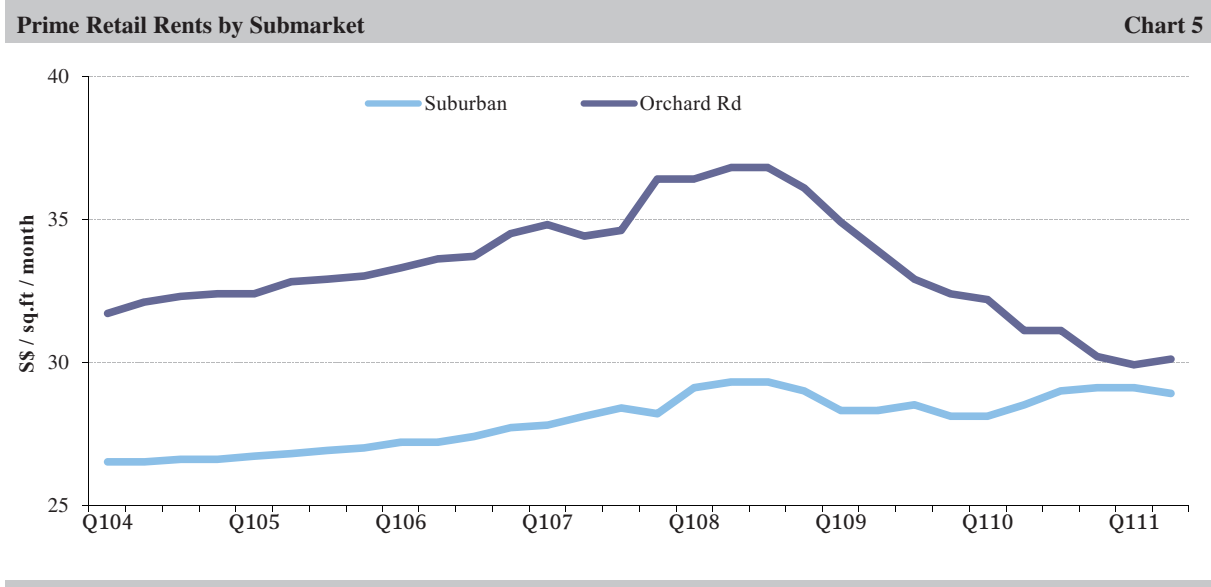
Retail Property Performance

2010 saw mixed results for Singapore retail property; rents on Orchard Road continued to feel pressure as the large amount of new retail floorspace added in 2009 was absorbed. Meanwhile, suburban centres saw rents improve, shaking off the sluggish growth of 2009.

Average prime rents for Orchard Road in Q4 2010 according to CBRE were S\$30.20 per sq.ft per month, around 6.8% lower than for the same period last year. This continues a rather steady decline for prime rents on Orchard Road since late 2008, caused by a combination of the recession and the significant increase in supply.

For Suburban centres, prime rents according to CBRE averaged S\$29.10 per sq.ft per month in Q4 2010, around 3.6% higher than the same period last year. Suburban malls have been stronger performers over the past two years due to their focus on everyday shopping, less reliance on tourism, and a relative lack of competition. Current prime rents for suburban malls are now close to the levels seen in Q3 2008, just before the GFC.

The first half of 2011 has seen rents on Orchard Road stabilise, while rental growth in suburban malls appears to have slowed. CBRE average prime rents on Orchard Road were S\$30.10 per sq.ft per month, which was 0.7% higher than the previous quarter, reversing a 10 quarter trend of declining rents. Meanwhile the average prime rents in suburban centres were S\$28.90, 0.7% below the previous quarter. This slight reduction in the growth of suburban rents is probably due to the effects of the recent introduction of nex at Serangoon at the end of 2010, which added a significant amount of space to the suburban market.



Source: CBRE “Singapore Market View” Q1 2004 - Q2 2011.

Retail Rental & Occupancy Outlook

Supported by a recovery in the economy and retail trading levels, the outlook for retail rental growth in Singapore has improved from the previous year. Nonetheless, the growth in retail rents is expected to be moderate, with downward pressure caused by the large amount of shopping centre floorspace added in the last two years and the expected new supply planned for the next three years. In addition, retailers are cautious after having a period of heavy discounting, and will be looking to keep rental costs under control.

Orchard Road properties are expected to continue to compete strongly as the large amount of new floorspace is gradually absorbed by the market. In addition, the newly opened integrated resorts, particularly Marina Bay Sands, will inevitably draw some tourist spending away from the prime shopping district. Taking into account these factors, rents on Orchard Road are expected to remain flat in 2011, before increasing by 2.0%-3.0% in 2012 and 2013.

Despite the recent new retail supply added to the suburban market, as well as the impending supply in the pipeline, suburban malls are still expected to see positive rental growth due to their focus on necessity shopping and their contained trade areas. For suburban malls, we expect to see rental growth of around 1.0%-2.0% in 2011, before increasing to 2.0%-3.0% in 2012 and 2013.

As new supply slows down and recently added stock is absorbed by the market, we expect that occupancy rates for retail properties will also increase. Occupancy in suburban properties is expected to increase from 95.0% in 2011 to 97.0% in 2013. Orchard Road properties are expected to lag behind slightly due to the large amount of new floorspace, with an expected occupancy of 94.0% in 2011 increasing to 96.0% in 2013.

General Outlook & Potential Opportunities

In 2010, Singapore's economy emerged strongly from the economic downturn. Coupled with a resurgence in tourist arrivals, the retail trading environment has improved significantly during the year. With the opening of several new shopping malls over the past two years and the expected new supply in the pipeline, Singapore will present an exciting mix of retail offerings, which will potentially encourage higher retail spending from locals and tourists alike.

The large amount of new retail floorspace supply will moderate the extent to which rents can grow in the near term. Nonetheless, we believe that the supply will gradually be absorbed by the market and rental growth is expected to improve by 2013. As always, shopping malls which are well positioned and proactively managed will continue to outperform the market.

The large amount of new supply that has come onto the market in recent years will, to a certain extent, limit new development opportunities. Developers and managers will be better served focusing on asset enhancement initiatives to extract the most from existing assets. This will become even more important in order to compete with the new malls.

Taking a slightly longer-term view, there is still room for new retail development in Singapore, which still has a very low per capita provision of retail floorspace. Potential redevelopment of transport nodes such as bus interchanges offers an opportunity for integrated mixed use development in prime suburban locations. This view seems to be shared by many developers, with a number of prime suburban sites, including Clementi, Jurong East, Bedok and Punggol, fetching high prices in recent tenders.

CHINA RETAIL MARKET OVERVIEW**EXECUTIVE SUMMARY**

China's dramatic re-emergence as a global economic powerhouse over the past three decades is a well known story. In 2010, China was the world's second largest economy when measured by nominal GDP. China's real GDP growth was 10.3% in the same year, ranking fifth amongst the world's major economies. Export-focused industrial development has been at the forefront of this transformation, but in the past decade, government investment (fixed asset investment grew from RMB8,878.0 billion in 2005 to RMB22,459.0 billion in 2010) and urbanisation (urbanisation rate grew from 43.0% in 2005 to 46.0% in 2010) have played a critical role in this growth.

One of the government's major investments driving economic growth is public infrastructure investment, especially transportation infrastructure, including airports and the railway network which have improved accessibility and supported rapid urbanisation. Along with rapid urbanisation has come the emergence of a class of high income group consumers in China whose levels of per capita disposable income is catching up with that of the global middle class.

With this increase in spending power, per capita urban expenditure has also increased, to an average of 70.0% of disposable income in 2010, indicating a growing propensity to consume, supporting the penetration of more modern consumer goods such as mobile telephones, computers, automobile etc. China now has a high ownership ratio of specialty items, with more than 95.0% of urban households owning basic white goods, including refrigerators and washing machines, and the ownership rates of television and mobile phone are well over one per person in urban areas. In fact, many specialty retailers and international luxury brands have actively sought opportunities to enter the China market in the past decades to capitalise on this continued growth of spending power. This trend will drive a qualitative shift in the nature of China's future growth, with a greater reliance on household spending driven by personal services and retail spending, and less reliant on light industry and exports.

Shopping mall is a relatively new concept in China with the majority of second and third tier cities dominated by department stores or other forms of retail such as street-front retail and hypermarkets such as Wal-mart. The shopping mall space per capita is generally below 0.3 sq m per capita for cities in China, with first tier cities generally having a higher shopping mall per capita (a range of 0.17 – 0.26 sq m per capita) compared with key second tier cities (an average of 0.005 sq m per capita). The above indicates that, in general, the shopping mall market in second tier cities is a relatively immature market with ample room for development and growth. In terms of average productivity levels, shopping malls generally have a relatively higher productivity level than other forms of retail, given the higher levels of per person spend and greater foot traffic.

The future development of shopping malls will be further driven by the strong economic performance and growth in China. At city level, economic and income growth rates as well as public infrastructure investments of some second and third tier cities have already surpassed that in first tier cities and it is expected that second and third tier cities will continue to outperform first tier cities on the back of government support (both in policies and in direct investment) and continued urbanisation in order to achieve better economic distribution between cities in China. These two factors will combine to enlarge the urban population base and retail catchment area of second and third tier cities, further increasing the demand for retail space to cater for such population growth. On this basis, there are currently untapped opportunities in the shopping mall property market in second and third tier cities in China.

CHINA AND SELECTED CITIES SNAPSHOT – 2010

	Country Overall	First Tier Cities in China				Key Second Tier Cities in China			
	China	Shanghai	Beijing	Guangzhou	Shenzhen	Chongqing	Chengdu	Xi'an	Wuhan
Key Economic Indicators									
Real Gross Domestic Product (GDP)									
Growth (%)	9.3	8.2	10.2	11.5	10.7	14.9	14.7	14.5	13.7
Foreign Direct Investment – Actual Utilised (FDI) (100 million USD)	900.3	105.4	61.2	37.7	41.6	40.2	28.0	12.2	21.7
FDI Growth (%)	-2.6	4.5	0.7	4.2	12.0	47.3	24.4	6.2	12.1
Retail Sales of Consumer Goods (RMB100 million)	114,830.1	5,173.1	5,309.9	3,647.8	2,598.7	2,479.2	1,950.0	1,381.1	2,164.1
Retail Sales Growth (%)	15.5	14.0	14.3	16.2	12.8	19.2	20.2	19.7	17.0
CPI (%)	0.7	-0.4	-1.5	-2.5	-1.3	-1.6	0.3	-0.3	-0.6
Key Demographic Information									
Total Population ('000)	1,331,460.0	19,213.0	17,550.0	10,334.5	8,912.3	28,590.0	11,396.0	8,434.6	9,100.0
Population Growth (%)	5.1	1.8	3.5	1.5	1.6	0.7	1.3	0.7	1.4
Unemployment Rate (%)	4.3	4.3	1.4	2.3	2.6	4.0	3.0	4.3	4.2
Per Capita Disposable Income Of Urban Households (RMB)	17,175.0	28,838.0	26,738.0	27,610.0	29,244.5	17,191.0	18,659.0	18,963.0	18,385.0
Per Capita Disposable Income Growth (%)	9.8	8.1	9.7	9.1	9.4	9.4	10.1	24.5	10.0
Per Capita Consumption Expenditure Of Urban Households (RMB)	12,265.0	20,992.0	17,893.0	22,821.0	21,526.1	13,507.0	14,088.0	N/A	12,710.3
Per Capita Consumption Expenditure Growth (%)	9.1	8.2	8.7	9.5	8.8	10.8	20.2	N/A	11.2
Urbanisation Rate (%)	45.7	88.3	85.0	82.5	100.0	51.6	55.2	68.9	64.8
CapitaMalls Asia Limited's (CMA) Portfolio									
CMA's Current Projects	53 retail properties in 34 cities	Hongkou Plaza;	CapitaMall Anzhen;	None	None	CapitaMall Jiulongpo;	CapitaMall Jinniu (Phase 2);	CapitaMall Xindicheng	CapitaMall Wusheng
		Minhang Plaza;	CapitaMall Cuiwei;			CapitaMall Shapingba;	CapitaMall Shawan;		
		CapitaMall Qibao;	CapitaMall Shuangjing;				CapitaMall Tianfu;		
		Raffles City Shanghai	Raffles City Beijing;				Raffles City Chengdu;		
			CapitaMall Taiyanggong;				CapitaMall Meilicheng		
			CapitaMall Wangjing;						
			CapitaMall Crystal;						
			CapitaMall Xizhimen						

Source: China National Statistics Bureau and various cities' Statistics Bureau, DTZ Consulting, August 2011.

As shown in the above, there is still an evident gap in the size of the economy between first tier and second tier cities in China, with first tier cities generally enjoying a larger share of the country's gross domestic product (GDP). However, second tier cities are catching up rapidly with relatively stronger growth rates over first tier cities on key economic indicators such as real GDP growth, Foreign Direct Investment (FDI) and retail sales, indicating an underlying market potential. This has made second tier cities become a more natural choice for investors in recent years, as shown by high levels of FDI (Actual Utilised) in 2009, which are generally at comparable levels with first tier cities, except for Shanghai, which is the international hub of China. In particular, the western cities, i.e. Chongqing and Chengdu enjoyed impressive annual growth rates in FDI (Actual Utilised) of 47.3% and 24.4% respectively in 2009.

The underlying opportunities in second tier cities could be better analysed from a demographics profile's point of view. In general, second tier cities outperform first tier cities in terms of growth rate in per capita disposable income and per capita consumption expenditure. Considering the relatively low urbanisation

rate in second tier cities and as urbanisation continues on the back of government's investment in transportation infrastructure, there will be a growing number of urban population driving the overall growth in second tier cities.

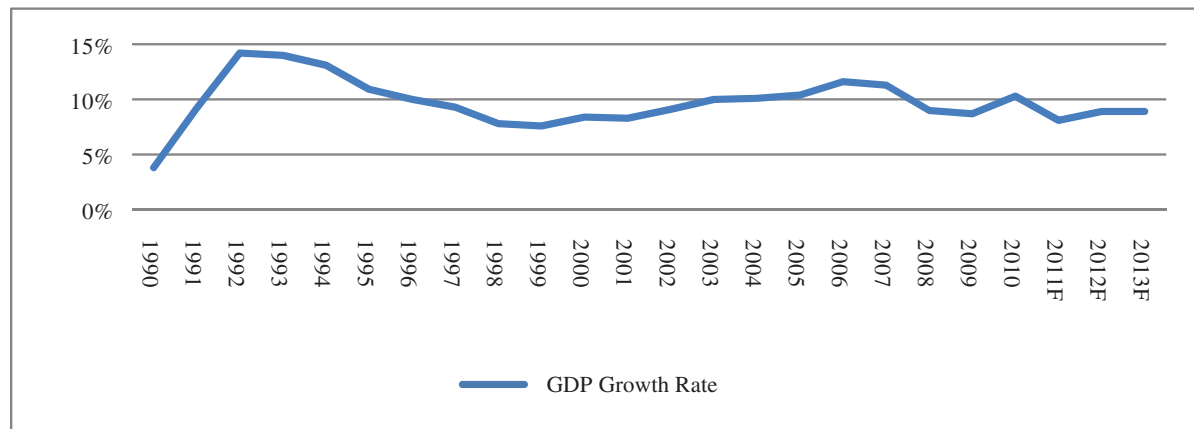
SECTION ONE – CHINA OVERVIEW

1.1 Macroeconomic Overview

Economic Growth

In 2010, China was the world's second largest economy, while India rated fourth, on the International Monetary Fund's estimate, when measured by purchasing power parity (PPP). China's macro-economy has proved remarkably resilient in the face of the global economic crisis in 2008, when GDP continued to grow although at a slower rate, in the wake of the global financial crisis, as weaknesses in China's major trading partners led to declines in manufacturing output and difficulties for export-oriented sectors of the economy. However, economic growth in China has remained much stronger than the global average, driven by the government's fiscal stimulus package and investments in fixed assets and infrastructure. As the major developed economies stabilised and returned to growth, China's economic output has again returned to double digit growth. With a shift towards a more domestically driven economy expected in the coming years, together with the fact that China's economic base is substantially larger, growth rates are expected to be somewhat more moderate with the government's 12th five year plan targeting real GDP growth of 7.0% for the first half of the decade¹. This national growth rate will mask some divergence between the more mature coastal areas and the inland provinces, where growth will remain higher as the western areas narrow the income gap with the rest of the country.

Figure 1.1.1 China Real GDP Growth



Source: China National Statistics Bureau, IMF, Oxford Economics and DTZ Consulting, August 2011.

China's economic growth rate has remained generally high, with periods of lower growth associated not by domestic economic concerns, but by political disturbances or global economic slowdowns. Solid domestic economic management has otherwise seen real growth rates between 12.0% and 15.0% during most of the 1990s, and between 8.0% and 11.0% (from a much higher base) in this decade. Strong growth, well above the government's 8.0% target for the 11th 5 year plan period has continued in 2010 with a real GDP growth of 10.3%. China's GDP growth rate was 9.5% on a YOY basis for first half (1H) 2011, slightly above market expectations. With uncertainties remaining regarding the external economic environment, annual GDP growth is forecast at 8.1% for the full year.

¹ Premier Wen Jiabao, 27th February, 2011 citizen's discussion forum, cited in *Xinhua News Agency*, 28th February, 2011.

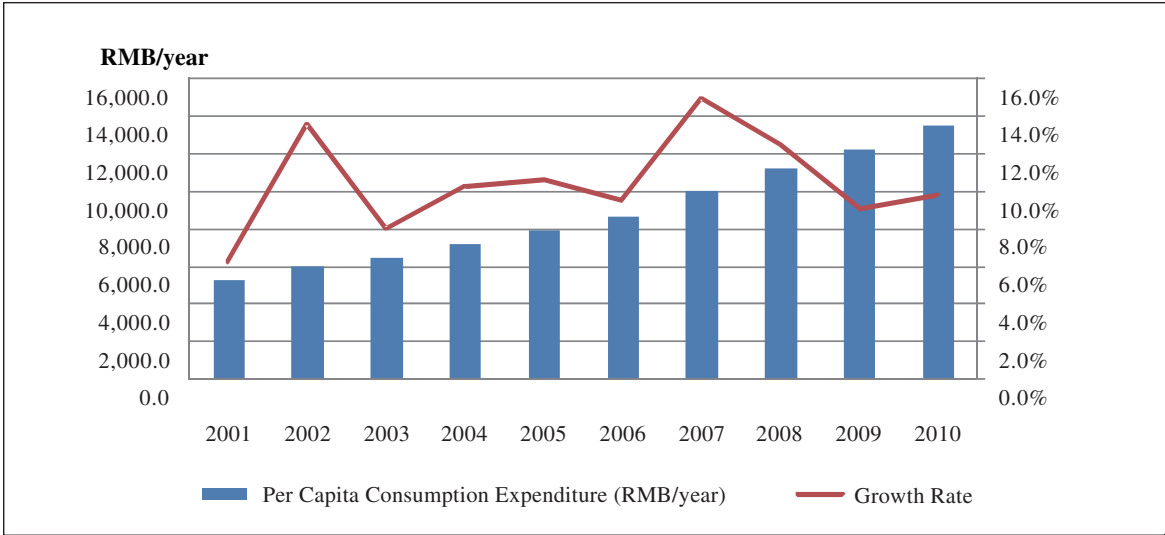
In 2010 the world’s overall GDP fell marginally by 0.1%, compared to real GDP growth in China of 10.3%. In 2009, China’s real GDP growth rate was 8.9%, in comparison with a more dramatic global GDP shrinkage of 1.9%. It is worth noting that such strong growth is no longer driven by the first tier cities like Shanghai, Beijing and Guangzhou. Although these cities have much higher GDP in absolute terms, a large part of the growth is attributable to the rapid development in the second and third tiers cities. In particular, second tier cities such as Chongqing, Chengdu, Wuhan and Xian etc. have outperformed the national average and have the greatest growth potential over the medium term.

China represents an important part of a wider Asian growth dynamic. By 2020, Asia’s five largest economies will together represent 34.6% of total world’s GDP, up from 27.1% in 2010. China will likely be by far the largest economy in Asia by this date, with India and Indonesia also predicted to see very rapid growth.

Consumption

Per capita consumption expenditure of urban households is over three times greater than that of rural households (at RMB13,471.0 per annum compared to RMB4,382.0 per annum in 2010). This vast difference between urban and rural propensities to consume, combined with a growing urban population is a major factor contributing to China’s strong retail sales figures.

Figure 1.1.2 Per Capita Consumption Expenditure of Urban Households

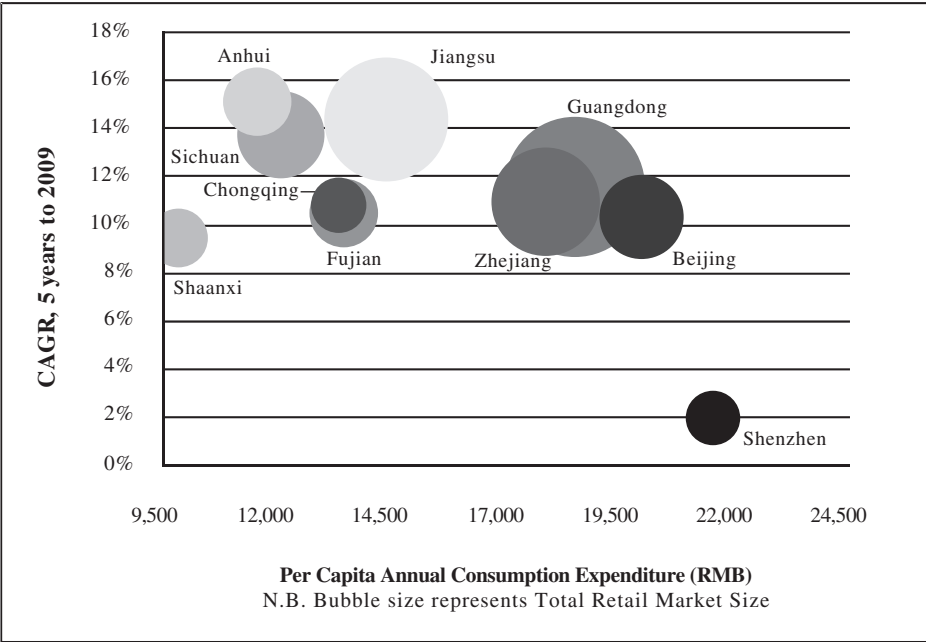


Source: China National Statistics Bureau and DTZ Consulting, August 2011.

While the total consumption expenditure per household has been growing rapidly overall, there remains a substantial difference in the consumption capacity by region. Generally, the coastal provinces, especially around the Pearl and Yangtze River Deltas and Beijing have the highest household expenditure levels. In addition, the proportion of discretionary spending is higher in these areas than in the less developed parts of the country.

As shown in Figure 1.1.3, in general, the growth rate in per capita consumption expenditure over the past five years has tended to be higher in the smaller, less well off inland provinces. The larger and wealthier coastal regions (such as Beijing, Guangdong and Zhejiang) tend to have more moderate growth rates in terms of consumption expenditure, and these wealthier provinces have seen a healthy average rate of growth of between 7.0% and 10.0% over the past five years.

Figure 1.1.3 Per Capita Consumption Expenditure of Urban Households and Growth Rates by Province, 2004 – 2010

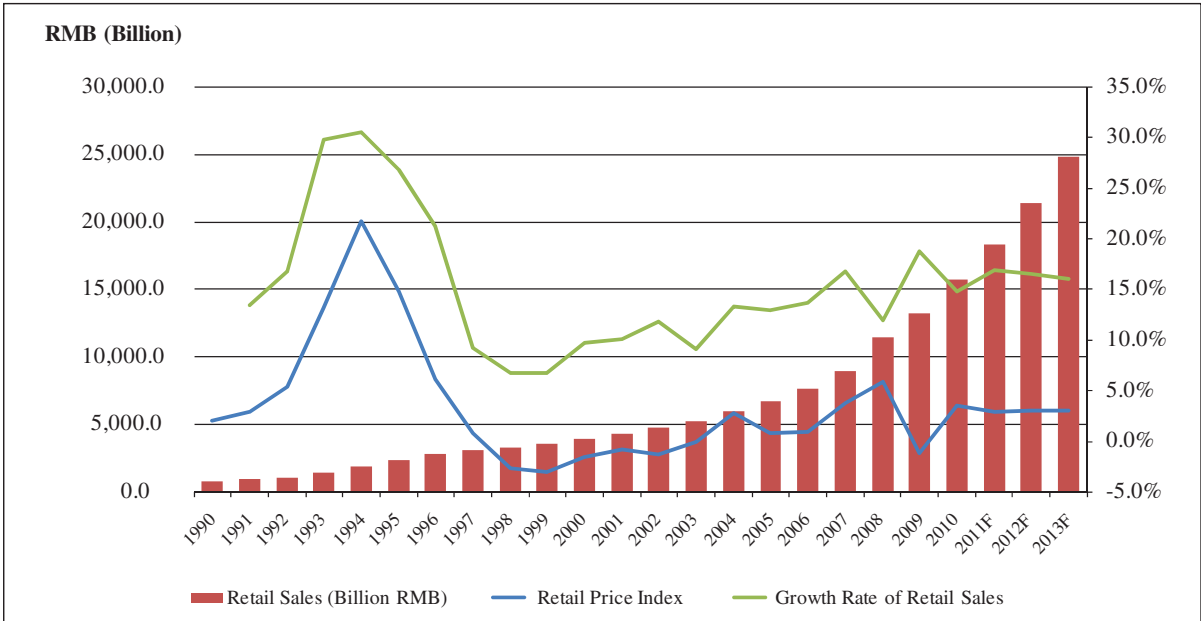


Source: China National Statistics Bureau.

Retail sales

While some sectors, such as manufacturing, shipping and inbound tourism, were affected by the global economic slowdown, retail sales have continued to record strong growth throughout the global financial crisis. Retail sales have continued to grow rapidly as they are not driven solely by the economic cycle, but in part by fundamental demographic and lifestyle shifts that are occurring in China. With a middle class emerging and growing in both size and spending power, retail sales are entering a period of strong and consistent growth.

Figure 1.1.4 Retail Sales in China



Source: China National Statistics Bureau, Oxford Economics and DTZ Consulting, August 2011.

Growth in retail sales has been strong with increases in the volume and the value of sales. As the market continues to mature, and as the inland provinces begin to develop a consumer culture which has already emerged in the big coastal cities, the growth rate of retail sales is likely to be more stable over the medium term. In addition, with policy encouragement now aiming to shift the driver of economic growth from export sales to domestic demand, preferential policies are likely to favour ongoing growth in retail sales in the medium term. Furthermore, rising discretionary spending amid income growth will demand greater choice of both product types and retail destinations. Retail sales have increased by 16.9% in real terms YOY in the five months to May 2011.

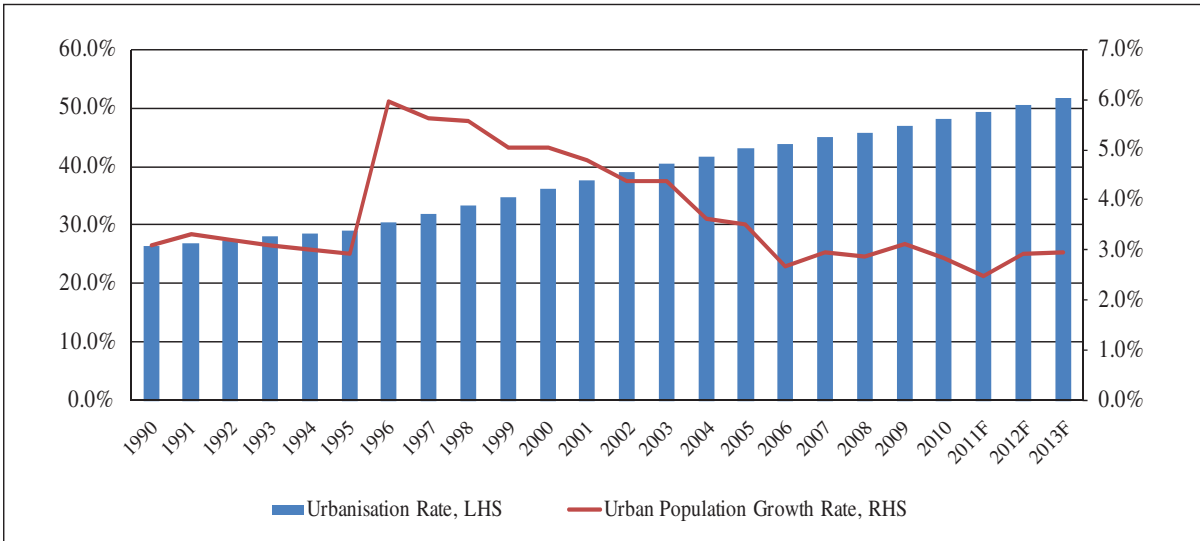
1.2 Demographic Overview

Urban Population

Asia accounts for 56.7% of the world’s population in 2010. By 2025 Asia’s total population will have grown by 635.0 million, and its share of world’s population will reach 59.5%², making Asia’s future critical to the world’s economy. China, which will make up 19.0% of the world population by 2025, will be an important part of the wider emergence of Asia as a significant consumer market, and global growth driver. By 2020, the United Nations estimates that the urban population of Asia as a whole will be 2.1 billion, which represents 411.0 million more urban residents than 2010. China’s urban population is predicted to be 787.0 million in 2020, an increase of 139.0 million over the decade.

As shown in Figure 1.2.1, China’s urban population continues to grow, in both percentage and absolute terms. In particular, the urbanisation rate grew from 43.0% in 2005 to 49.7% in 2010. The current urbanisation rate is still substantially lower than the average of about 85.0% at which the urbanisation process begins to taper off in most countries. The growth of the urban population is a long-term trend which has maintained its growth momentum over the long term despite the changing patterns and rates of economic growth, and is a key factor in the emergence of a middle class with sophisticated tastes for a variety of consumer products.

Figure 1.2.1 China Urban Population Growth



Source: China National Statistics Bureau and DTZ Consulting, August 2011.

² Source: UN Population Division.

Income Growth

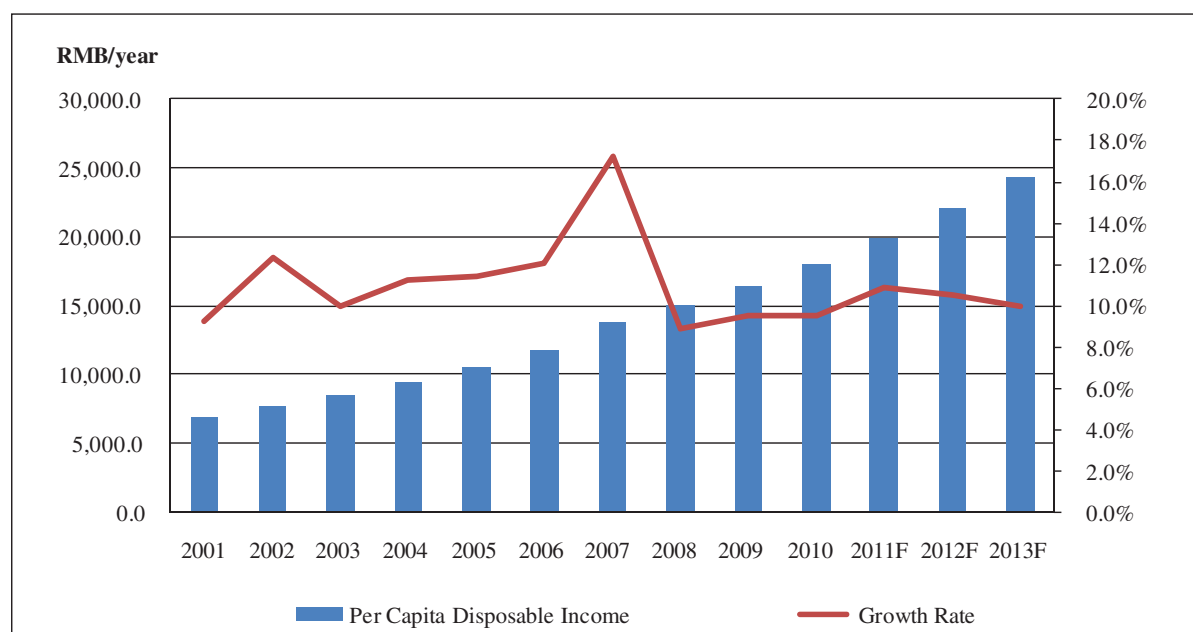
Over the past decade, the proportion of national earnings attributable to business has grown, while the share attributable to households has fallen. While the proportional share of earnings attributable to households remains well below the proportion in advanced economies, the absolute level of household disposable income has increased very rapidly since the early 1990s. Even during periods of less robust economic growth, disposable income has continued to grow strongly, which has underpinned the development of the retail sector in the country. The table below shows the size of the various income groups in China in 2009.

Table 1.2.2 Income Groups in China

Income Group	Average Per Capita Disposable Income (RMB)	Proportion of Country's Population (%)
Low Income Households	<8,000	20
Middle Income Households	8,001 – 15,000	60.1
High Income Households	>15,001	19.9

Source: China National Statistics Bureau and DTZ Consulting, August 2011.

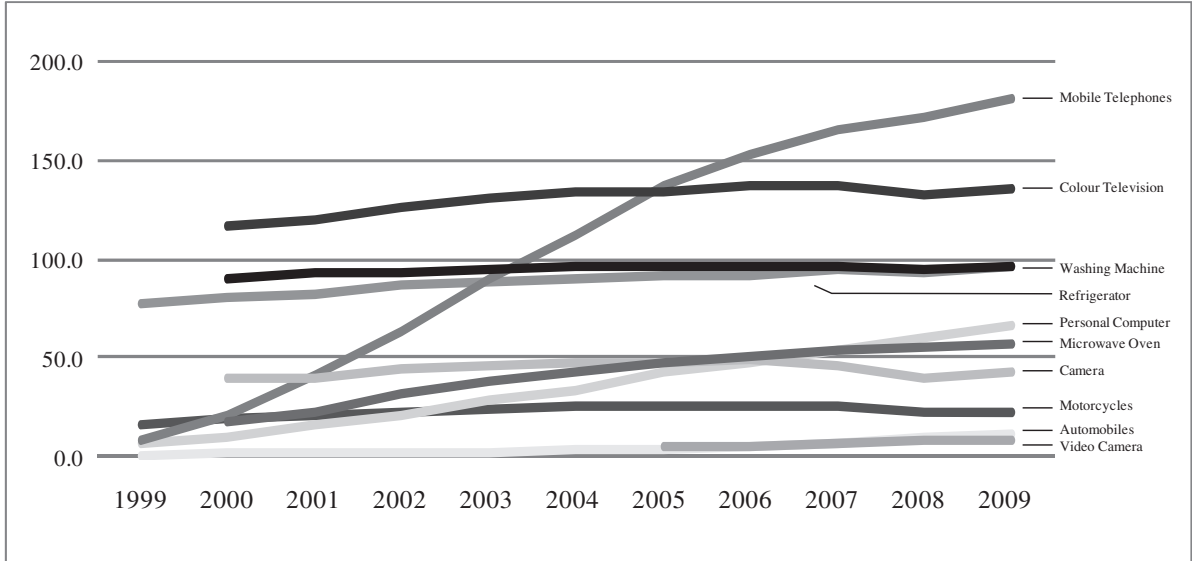
With this increase in spending power, per capita urban expenditure has also increased, to an average of 70.0% of disposable income in 2010, indicating a growing propensity to consume, supporting the penetration into the Chinese market of more modern goods, such as mobile telephones, computers, automobiles, etc.

Figure 1.2.3 China's Per Capita Disposable Income for Urban Households

Source: Oxford Economics and DTZ Consulting, August 2011.

As shown in Figure 1.2.4, rates of ownership of major items have increased dramatically, reflecting the boom in retail sales and changing consumption patterns. Some items, such as refrigerators and mobile phones are probably close to reaching saturation point in the market, while growth in personal computers is likely to continue for several years. Car ownership appears to be just beginning to take off in China, while motorcycle ownership rates have peaked, and are now falling as local governments seek to limit their numbers in central city areas. This is in keeping with patterns witnessed in countries approaching middle-income status.

Figure 1.2.4 Ownership Rates of Major Consumer Items



Source: China National Statistics Bureau and DTZ Consulting, August 2011.

SECTION TWO – RETAIL PROPERTY MARKET OVERVIEW

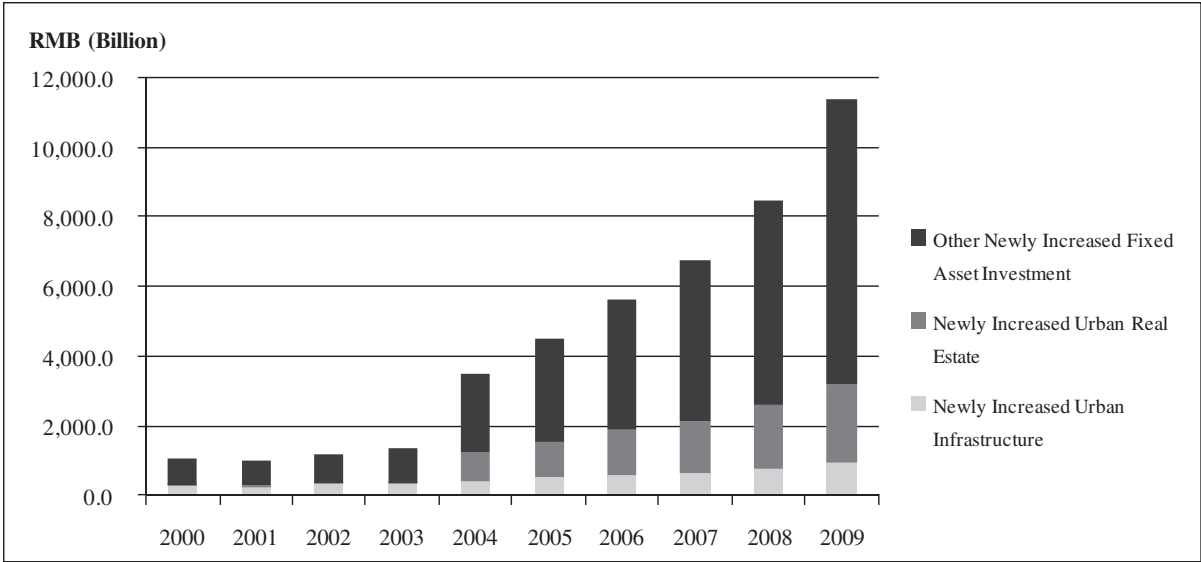
2.1 General Overview of Retail Property Market

China’s retail sector has transformed dramatically over the past few decades. Even in the early 1990s, China was still dominated by local brands selling through large, state-owned department stores in a limited number of traditional downtown retail precincts. A combination of factors, including growing disposable incomes; the entrance of foreign brands into China; liberalisation of urban land tenure regimes; the emergence of western-style shopping malls; and improved urban accessibility have encouraged the emergence of new shopping districts, including in suburban areas.

Despite the above, retail shopping in China remains relatively dispersed and shopping outlets are of lower quality than those in more advanced economies. In addition, there is likely to be a growth in the quality of the retail offering as domestic developers improve their capabilities, and more foreign players enter the market.

On the other hand, fixed asset investment has been an important component of economic growth over the past 10 years, as both the government and the private sector build up basic infrastructure and productive capacity in the economy. With the socialist provision of housing by work units being phased out in the late 1990s, the need for the provision of adequate housing and modern commercial buildings explains the six fold increase in real estate investment over the decade. Meanwhile, being a key driver of retail development, investment in urban infrastructure has increased by more than a double in the past 10 years. The continuous improvement and expansion of transport infrastructure in the urban areas will enhance the development of the retail market.

Figure 2.1.1 Components of Fixed Asset Investment in China



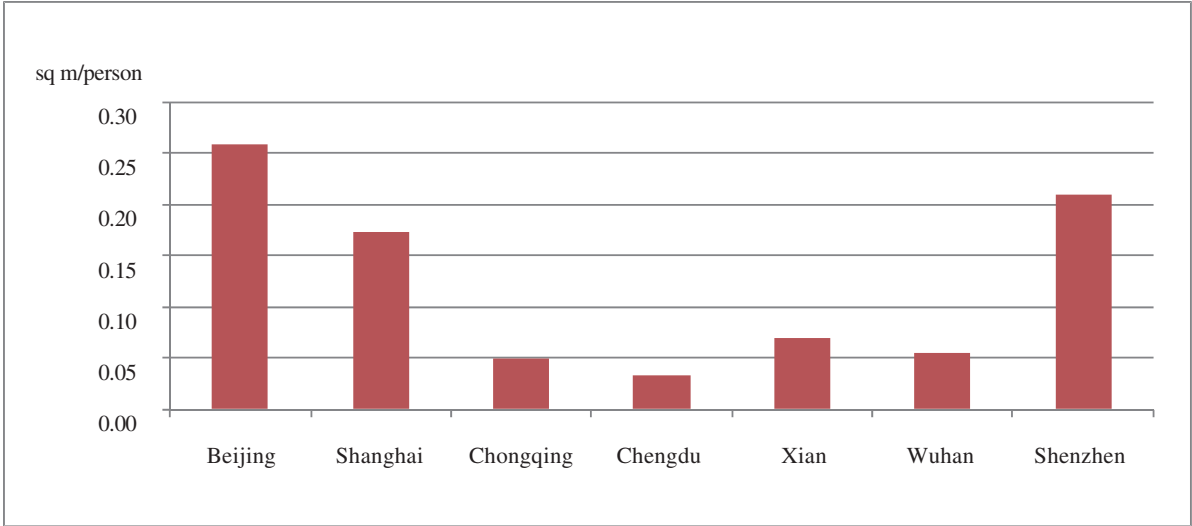
Source: China National Statistics Bureau.

2.2 Key Cities and Areas for Retail

As shown in the Figure 2.2.1, there is a substantial variation in the current provision of shopping mall space between various cities in China. In general, the first tier cities have a larger amount of shopping mall space, on a per capita basis, reflecting the more sophisticated nature of their retail markets and the relatively advanced stage of economic development. As a key city for the development of the Chinese inland, and also a popular tourist destination, Chengdu has attracted earlier interest from mall developers than some other second tier cities, as demonstrated by its slightly higher retail density.

In general, second tier cities have a very low level of shopping mall penetration. Given the nature of retail development, from unsophisticated on-street retail, to department store dominated models, and to increasingly sophisticated shopping malls, these second tier cities have considerable market potential for the growth and development of such well positioned retail malls.

Figure 2.2.1 Estimated Shopping Mall Per Capita in key Chinese Cities



Source: DTZ Consulting, August 2011.

The overall average productivity level of retail in China is estimated to be around RMB4,300.0 per sq m. per annum, based on total 2010 retail sales for China of RMB7.6 trillion and with an estimated floorspace of 1.8 billion sq m. This is very low when compared with most other countries but is to be expected given the lower incomes and lower quality of retail generally throughout China. In PPP-adjusted terms, the average productivity level would be closer to RMB7,700.0 per sq m. While the overall productivity level for China is estimated at RMB7,700.0 per sq m, the average productivity level for shopping malls is expected to be considerably higher, given the higher levels of per person spend and greater foot traffic.

2.3 Key Retail Players and Competitors

For analytical purposes, retail players in China could be roughly classified by their retail products (e.g. shopping mall or department store); positioning of retail products (e.g. mid-end or high-end); and the types of retail brands they attract.

In terms of retail products, there is an increasing trend that shopping mall has become the norm in first tier cities in China whereas second tier cities are much more dominated by department store or other forms of retail. Hypermarket has also grown quickly across China over the years as consumers are still price-sensitive despite an increasing propensity to spend.

In the 1990s and early 2000s, the key players in the shopping mall market were represented by Hong Kong developers such as Hutchison Whampoa Limited, Wharf and Shui On, with branded projects across China (e.g. Times Square series for Wharf and Xin Tian Di for Shui On). As the market continues to develop, more international and domestic developers have entered the shopping mall market, with key international names including CapitaMalls Asia Limited (CMA), Swire, and Westgate Mall Group etc, and key domestic names including Wanda, Shenzhen Maoye and Longfor Group etc.

Shopping mall developments in other second tier cities with less mature retail markets are dominated by domestic or local developers. More international and well known domestic developers have become more aware of the values second tier cities can bring to them given the large population base, rapid urbanisation and an increasingly saturated retail market in first tier cities. Frontiers in the second tier cities shopping mall market tend to be those developers with a focus on retail business such as CMA.

Department store market in second tier cities is still dominated by domestic developers. However, some international groups with a focus on department store developments have set foot on second tier cities in China, including Pinault Printemps-Redoute (a French-origin global retail business focused on luxury retail and operating Paris Spring Department Stores across China) and the Thailand's Parkson Group, operating Parkson department stores in China. There is also an emergence of retail operators of South-east Asia origins entering the market, such as Lotte from Korea and Jusco and Isetan from Japan. It is worth noting that the above retail operators are known as the frontiers in retail development in second tier cities and their presence gives a good indicator of the development potential of a city's property market.

For hypermarkets, the existing largest foreign operators are Wal-Mart (over 270 stores Country-wide), Auchan/RT-Mart (over 170 stores) and Carrefour (about 160 stores), all of which have expanded successfully in China.

In terms of retail project positioning, first tier cities' mid to high-end retail market is dominated by international and well known domestic developers. Shopping mall developments in these cities generally have a higher positioning than those in second tier cities as developers entering the shopping mall market in first tier cities tend to look for prime sites suitable for high-end developments. These projects are mostly for lease and not for sale, which help to maintain the quality standards of the projects whereas projects by local developers in second tier cities are mostly for unit sales rather than lease, sometime leading to poor management and project quality.

On the other hand, the objective of shopping mall developments in second tier cities is to tap into the large population base with increasing spending power. Therefore the positioning of the shopping malls in second tier cities, especially those less developed ones, tend to be of mid-end or mid to high-end positioning, serving the wider community. The key retail players in the second tier cities' retail markets tend to be dominated by local and domestic developers and those previously mentioned international developers who are more retail focused and have a wider business strategy across China.

In terms of retail brands development, the booming retail market in China in the past few years have attracted international retailers (such as fashion, electronics and homeware products) to enter the market with shopping malls being a major distribution channel. Mid to high-end international brands such as Nike from the United States, Zara from Spain and Uniqlo from Japan have penetrated into the market in recent years and many international luxury brands such as LV, Gucci and Prada also have strong presence in both first and second tier cities.

It is anticipated more international retailers of mid to high-end will seek opportunity to enter the China retail market. In particular, top international luxury brands will continue to expand into second tier or even third tier cities, with an objective of increasing their brand awareness as a form of marketing across the country. With this demand, more international and well known developers will seek opportunities outside first tier cities and it is expected that shopping mall developments with good quality will receive great support in the years to come.

2.4 Retail Space Supply

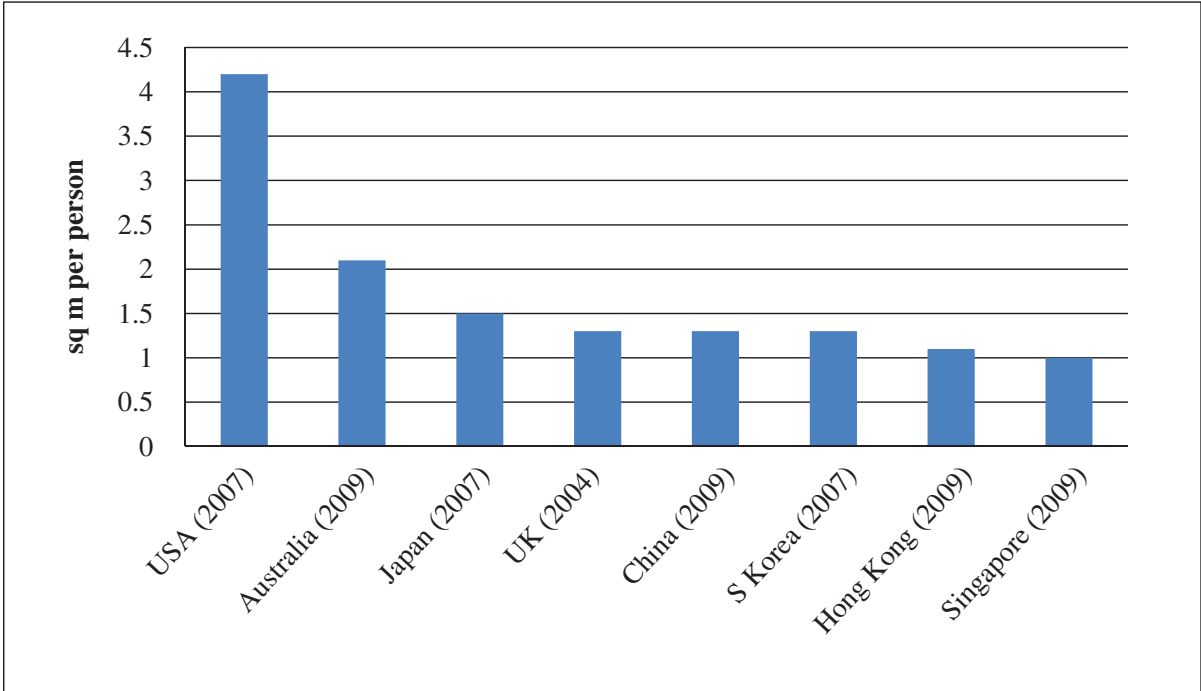
Most major cities in China have street-level shopping streets within residential areas which mostly provide only basic consumer goods, with a heavy focus on the sale of food and convenience items, in addition to some generic clothing stores and small household items. Over time, some of these streets grew into the traditional retail precincts. State-owned department stores were established in some of these traditional retail precincts. As the economy liberalised, international retailers who entered the retail market have tended to focus activities on these traditional retail precincts.

In the past fifteen years, there has been a more dramatic re-shaping of Chinese cities as a result of major investment into urban transportation networks. This has seen an emerging trend of new retail precincts developing in suburban locations, near convenient transportation nodes as well as in the new suburban new towns.

In Chinese cities today, major first tier cities like Shanghai and Beijing have premium retail space focused in major shopping malls, including both integrated mixed use developments and stand-alone retail malls. Mixed use developments dominate the city centres while larger, stand alone shopping malls are more common in suburban areas, where there is more land availability, and generating sufficient footfall requires a large enough space to include a strong retail mix.

While China has a relatively high amount of total retail space per capita for its level of development, as shown in Figure 2.4.1, this in part reflects the low productivity of current retail space; the extensive provision of small-scale retail as part of integrated residential developments; a large number of small shops in rural areas; and poor urban accessibility which limits catchments in some cities. As the population becomes more urbanised and as consumers' tastes become more sophisticated, solid opportunities exist for the development of quality retail spaces that are appropriately positioned and targeted.

Figure 2.4.1 Total Estimated Retail Space Per Capita



Source: International Council of Shopping Centres.

In second tier cities, while shopping malls are emerging, department stores still capture the largest share of total retail spending. However, in those second tier cities, including Chengdu and Chongqing, which have substantial investment into transportation infrastructure, there is substantial room for the development and growth of shopping malls as the accessibility of suburban destinations improves over the next couple of years.

2.5 Retail Market Performance

In as large and diverse a country as China, there are substantial differences between the performance of various property market categories, and making universal statements carries with it an inherent risk. Even taking a narrowly defined product range, for example prime ground floor retail in shopping malls within the inner ring road in Shanghai, rentals can range between RMB15/sq m/day and RMB53/sq m/day. Factors such as location, project positioning, and the ability to attract high spending group etc., can all substantially impact performance.

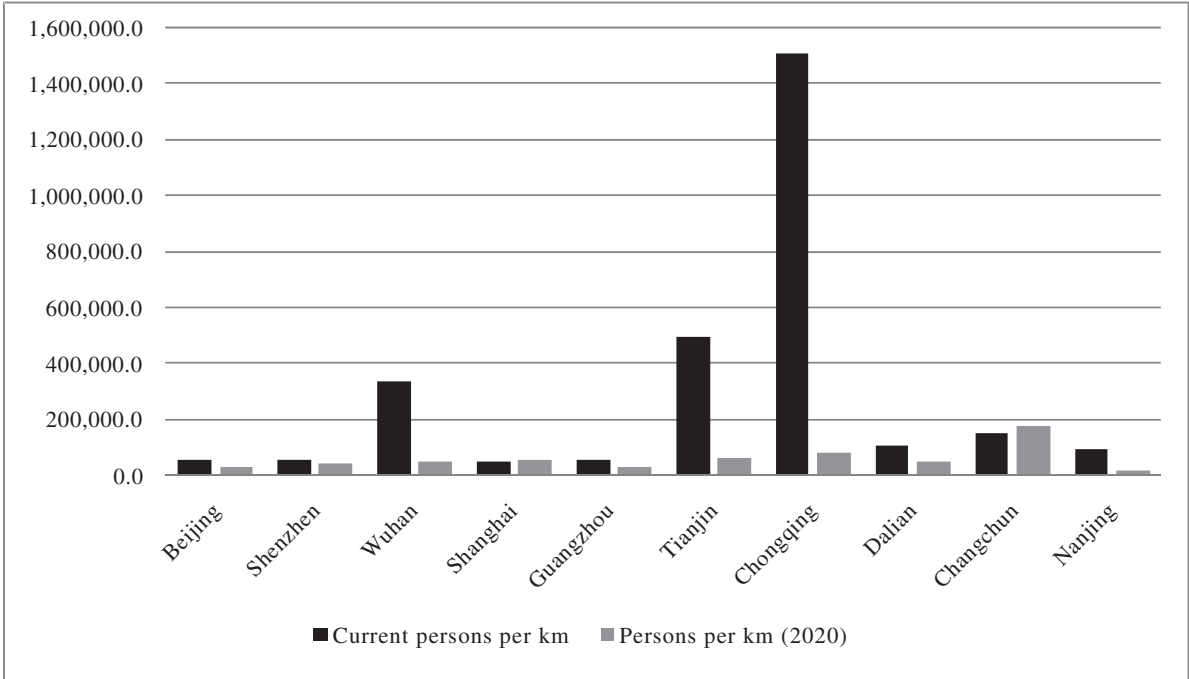
Bearing in mind that caveat, generally speaking, the retail market has performed strongly across most major cities in China, with exceptional cases of falling rental and yields usually resulting from surges in new supply, typically depressing performance for a period of no more than four to six quarters.

The entrance of experienced, international standard retail developers into the China market has driven an increase in the average rentals and occupancy levels. In first tier cities, rental precincts and shopping malls are increasingly specialised and targeting specific market sub-segments. Rapidly growing incomes, combined with the opportunity to target specific consumers will underpin growth opportunities in second and third tier cities, especially as new transport infrastructure projects enhance urban accessibility and broaden retail catchments.

2.6 Retail Market Outlook

Currently, retail space in China tends to be scattered. While shopping malls have begun to appear in the first tier cities in early 1990s, shopping mall as a retail format is still a relatively new concept in most of the second and third tier cities. This is partly because car ownership still remains relatively low and the key to urban accessibility and retail footfalls is public transport. However, as the transportation infrastructure continues to improve, the tremendous potential in shopping mall business in these cities will be realised. As Figure 2.6.1 shows, this decade is witnessing an unprecedented expansion of the urban rail networks of Chinese cities, with many second and third tier cities witnessing the emergence of enormous urban transportation networks in a matter of a few years. This will transform urban accessibility and will provide a particular stimulus to retail centres in suburban areas, which may not be reaching their full potential at present due to poor accessibility.

Figure 2.6.1 Expansion of Urban Railways in China



Source: DTZ, Consulting, August 2011, and based on various Government sources.

In summary, the retail outlook of China is positive. Emerging middle class consumers and a growing urban population should continue to drive demand for modern shopping malls.

First tier cities, including Shanghai and Beijing, should continue to enjoy steady growth in the development of shopping malls as their residents typically enjoy higher disposable income and there is a larger concentration of expatriate population in these cities.

Second tier cities, including Chongqing, are expected to experience strong growth in shopping malls as most of them are undergoing a shift in the retail spending patterns. In addition, new transport infrastructure is enlarging population catchments for retail expansion.

There has been an extensive concern regarding residential property prices across most Chinese cities over the past few years, a concern which has intensified in late 2010 and 2011. With the government seeking to ensure that its policy measures are carefully targeted at the housing market, a number of policy measures aimed at cooling the market have been implemented, rather than the imposition of monetary tightening which may affect other sectors of the economy. As a result, the commercial property sectors, including retail property, has relative less political risk, and is attracting investors who are attracted to the prospect of more stable returns. Such an outcome is likely to benefit experienced retail players who are better placed to assess the values and appropriate utilisation of retail sites than developers who are entering the retail market primarily due to their concerns about the residential sector.

SHANGHAI CITY OVERVIEW

City Description

Shanghai is one of the financial centres and an important trade and logistics hub of China¹. Due to its strategic location, growth as a commercial centre and supportive government incentives, Shanghai has emerged in recent years as a top choice among multi-national companies (MNCs) for their Asia-Pacific and/or Chinese headquarters. This has resulted in a surge in the expatriate population, estimated to be over 170,000² in 2010, a number which is expected to grow to over 260,000 by 2015, by which time expatriates will represent around 2% of Shanghai's total resident population.

Economic Background and Outlook

Shanghai's Key Economic Indicators

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	11.4	12.7	15.2	9.7	8.2	9.9
FDI ³ (USD 100 million)	68.5	71.1	79.2	100.8	105.4	111.2
FDI Growth (%)	4.7	3.8	11.4	27.3	4.5	5.5
Retail Sales of Consumer						
Goods (RMB100 million)	2,973.0	3,360.4	3,847.5	4,537.1	5,173.1	6,036.9
Retail Sales Growth (%)	12.0	13.0	14.5	17.9	14.0	16.7
CPI (%)	1.0	1.2	3.2	5.8	-0.4	3.1

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

Gross Domestic Product (GDP)

Over the past few years, Shanghai has entered into a more mature phase in its economic development, with relatively stable growth and a larger tertiary sector. Despite the government's effort to cool the economy through macro-economic policies, Shanghai's GDP growth rate has remained strong, although growth is now slightly below the national average, as would be expected given the city's development status. Given Shanghai's relatively high level of integration with the global economy, economic growth slowed a little further than the national average in the wake of the global financial crisis. Growth has rebounded strongly post-crisis, and in 2010 grew by 9.9% YOY. Shanghai's GDP growth continues to be re-oriented towards the tertiary sector, which now accounts for 59.4% of GDP (an increase of 3.4 percentage points YOY), compared to 39.9% for the manufacturing sector.

Key Economic Sectors

The six pillar industries contributing most to Shanghai's GDP growth are the information industry, financial industry, trading and communication industry, auto manufacturing industry, equipment assembling and manufacturing industry and the real estate industry. Shanghai's tertiary sector has grown steadily in recent years to comprise a larger share of the city's economy.

Foreign Direct Investment (FDI)

FDI in Shanghai continued to rise over the past six years. Shanghai remains the most popular investment destination in China for MNCs and the finance & banking industry. In 2010, Shanghai secured USD 11.2

¹ In April 2009, China's State Council has mapped out guidelines for Shanghai's advancement into a major international financial centre and shipping hub by 2020.

² Data from Shanghai Statistics Yearbook 2008 and relating to those foreigners with residence permits; permanent residence status; and those who hold a China visa for 6 months duration or more, estimate by DTZ to 2010 and 2015.

³ Total Actual FDI.

billion of total FDI (actually absorbed), representing a rise of 5.5% from a year ago. The resilience of actual investment (despite a decline in contracted FDI in 2009) shows that investors continue to have confidence in Shanghai's future as China's number one international financial center and logistics hub.

Consumer Price Index (CPI)

Shanghai's benign inflation rate has generally remained below the national average over the past decade, and in 2010 CPI was 3.1%, slightly below the national average. Shanghai's ability to attract talented workers and its push to decentralise the population through suburban development are helping to keep wage expectations and land prices under control.

Retail Sales of Consumer Goods

Shanghai's retail sales increased steadily between 2005 to 2007 before rising at a sharper rate from 2008 onwards despite the events of the global financial crisis and the Shanghai stock market correction since second half of 2008. The volume of retail sales of consumer goods continued its strong trend into 2010, reaching RMB6 trillion or an increase of 16.7% YOY, indicating a robust retail market in Shanghai.

Economic Outlook

With a gradual global economic recovery underway, Shanghai, as one of China's most cosmopolitan cities is set to benefit in the coming years. Further entry of international business into the city is likely to see continued growth and diversification of the economy, and a deepening shift in economic activity towards the tertiary sector, in particular the advanced professional and personal services sectors. With relatively high average incomes, and strong domestic and international tourists, the retail sector is also set for a period of strong growth in the city over the short and medium term.

Demographics Conditions and Outlook

Shanghai's Key Demographics Information⁴

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Population ⁵ ('000)	17,780	18,150	18,580	18,880	19,213	23,019
Population Growth (%)	2.1	2.1	2.4	1.6	1.8	19.8
Unemployment Rate ⁶ (%)	4.2	4.4	4.3	4.2	4.3	4.2
Per Capita Disposable Income of Urban Households (RMB)	16,683	20,6680	23,623	26,675	28,838	31,838
Per Capita Disposable Income Growth (%)	11.8	10.8	14.3	12.9	8.1	10.4
Per Capita Consumption Expenditure of Urban Households (RMB)	12,631	14,762	17,255	19,398	20,992	23,200
Per Capita Consumption Expenditure Growth (%)	9.0	7.2	16.9	12.4	8.2	10.5
Urbanisation Rate ⁷ (%)	84.5	85.8	86.8	87.5	88.3	–

Source: National Bureau of Statistics of China and DTZ Consulting, August 2010.

⁴ Official data is not yet available for 2010.

⁵ Total population refers to permanent population.

⁶ Official data from Shanghai Statistics Yearbooks, calculation based on registered urban unemployment rate.

⁷ Official data from Shanghai Statistics Yearbooks, calculation based on registered population instead of total population.

Population

According to the latest census conducted in 2010, Shanghai has a total population of 23.0 million. The expatriate population is anticipated to grow with the global economy recovering from the financial crisis and MNCs become active in China again. This will in turn stimulate the retail market as expatriates tend to have higher purchasing power.

Per Capita Income and Consumption Expenditure of Urban Households

Since 2005, Shanghai's per capita disposable income of urban households has increased at a very rapid rate, growing at a CAGR of 13.9% in 5 years. There is a growing number of Shanghainese who could be considered as part of the global urban middle class which is driving up the propensity to spend. The growing per capita disposable income of urban households, changing consumer behavior and better retail outlets will drive further growth in consumption expenditure in Shanghai.

In 1998, Shanghai's per capita consumption expenditure for urban households included 50.6% spent on food and 13.0% on education and entertainment. Ten years later, the structure has shifted from necessity shopping to increasing discretionary purchases – with food now taking up only 37.0% of per capita consumption expenditure of urban households while education/entertainment now accounts for 15.0%.

On average, Shanghai residents spent around 73.0% of their disposable income, which is comparable to other Chinese first tier cities. With growing per capita disposable income of urban households, changing consumer behavior and improving shopping environment, expenditure on luxury goods or consumption goods associated with higher living standards will continue to rise.

Key Players and Competitors

China's accession to the World Trade Organisation (WTO) in 2001 has transformed the regulatory landscape for international retailers who are interested in entering the China market. Elimination of key restrictions such as doing away with a local joint-venture partner for foreign companies in 2005 has also served as a catalyst for the entry of international retailers.

Hong Kong developers, such as the Cheung Kong Group and Landmark, are active players in the mid to high-end retail market in Shanghai, accounting for almost half of the top ten key player spots in Shanghai. Super Brand Mall is the largest shopping mall in Shanghai (approximately 250,000 sqm in GFA) and was developed by a Thailand developer – Chia Tai Group. In terms of domestic developers, Balian Group has the highest market share, accounting for approximately 20.0% of Shanghai's mid to high-end retail space.

Shanghai's retail scene continues to grow and mature, with new projects beginning to move towards the model of a lifestyle centre, incorporating more entertainment and dining options, than the traditional shopping mall. Recent examples include the 230,000 sq m SMI Centre opened in Q4 2010 by the Taiwanese Group ASE in the Huaihai Middle Road area.

CMA acts as both a shopping mall developer and operator in Shanghai, currently operates two retail projects in the city (CapitaMall Qibao and Raffles City Shanghai) and manages one other (Cloud Nine shopping mall). In addition, CMA Plaza, namely, Minhang Plaza, Hongkou, Raffles City Changning and Luwan Site.

Retail Market Supply and Market Performance

Existing Retail Stock

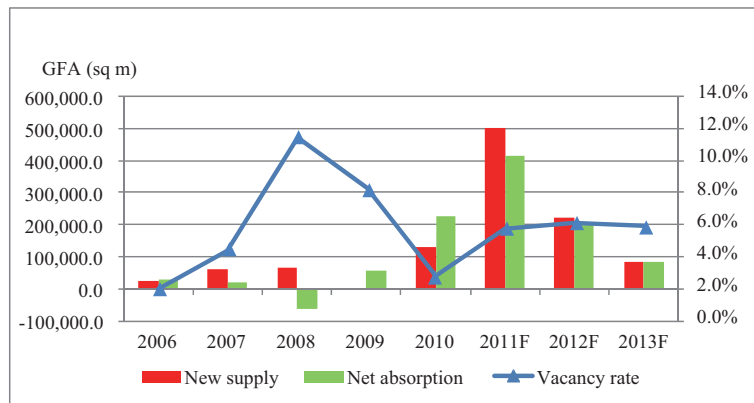
By the end of Q2 2011 there was approximately 4.0 million sqm of retail space in Shanghai, of which 1.9 million sqm are mid to high-end shopping malls which fall within the scope of this study⁸. Lujiazui retail precinct, in Pudong, now accounts for the largest area of mid to high-end retail space in Shanghai, accounting for approximately 32.4% of total stock as at Q2 2011, followed by Huaihai Middle Road (20.0%) and Nanjing East Road (19.2%). Due to limited land for new developments in traditional retail precincts such as Jing’an and Huangpu, developers are looking outside the urban core districts for new retail space and Pudong has become a new development hotspot due to the emergence of an International Financial Hub with a concentration of high income finance sector professionals in the Lujiazui area of Pudong.

The total shopping mall per capita in Shanghai is 0.17 sqm/per capita, which is the third highest shopping mall per capita in China, behind Beijing’s 0.26 sqm. per capita and Shenzhen’s 0.21 sqm. per capita.

Supply, Demand and Vacancy

A total of approximately 843,377 sq m of new shopping mall space will enter the five key retail districts in Shanghai over the few years. The majority of the potential supply is expected to complete in second half of 2011. In addition to the new retail space in urban core districts, there is an increasing trend towards more integrated mixed use development where quality retail space is placed in the podium of Grade A office and/or hotel and serviced apartment developments.

Supply, Demand and Vacancy



Source: DTZ Consulting, August 2011.

Demand within the mid to high-end retail market has surged remarkably in 2009 and 2010, driving down vacancy rates to just 2.8%. This indicates retailers’ confidence in the Shanghai market has returned after many retailers held off entering the market, or downsized during the global financial crisis in 2008. Many retailers are now in search of new space to enter the Shanghai’s retail market and most new supply is expected to be quickly absorbed. For instance, the new SMI Mall in Huaihai Middle Road retail precinct is about 80.0% let just four months after opening. In addition, the growing number of locals with well paid professional jobs and the increasing number of expatriates living in Shanghai will continue to bring demand for international and luxury brands, entertainment, food and beverage variety etc. Given the above trends, it is anticipated that the launch of new supply in the second half of 2011 and 2012 will continue to meet with strong interest from international retailers.

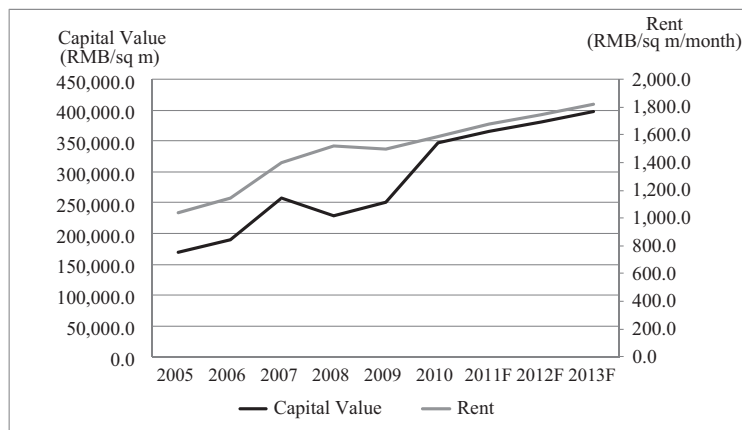
⁸ In Shanghai, Beijing, Shenzhen and Guangzhou city reports, the term “retail” refers to shopping malls with GFA above 20,000 sqm and located in established retail precincts, whereas the term “shopping mall” refers to multi-storey retail projects.

Rental Value, Capital Values and Investment Yields⁹

Retail rental in Shanghai has been experiencing a high CAGR of 9.6% between 2005 and 2010, with the highest annual growth of 22.5% recorded in 2007 before returning to a still healthy level of 9.0% in 2008, when the global financial crisis began impacting demand. Average rents for prime retail space fell for the first time in 2009, registering a pull back of 1.6% as retailers took a wait and see approach to the market. Rents rebounded by 6.2% in 2010, as confidence returned and demand for mid to high-end rental space exceeded supply in the same year. Rent continued to grow into 2011, reaching RMB1,624.6/sq m/month as at end of Q2 2011.

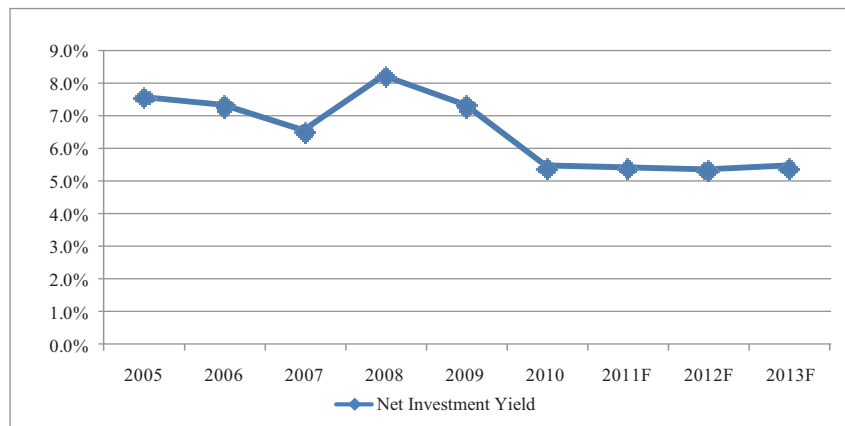
Given the demand drivers, rent is likely to remain higher than other Chinese cities and continue to grow in line with economic growth in the longer term. Higher quality new retail projects will also contribute to a higher rental levels in the medium to long term future while new supply means that moderate rental growth of 2.0% to 5.0% is expected over the short term.

Rental and Capital Value Forecasts



Source: DTZ Consulting, August 2011.

Forecast on Net Investment Yields for Mid to High End Retail



Source: DTZ Consulting, August 2011.

⁹ Retail rental refers to average first floor asking rent.

Yield for mid to high-end retail space in Shanghai has kept above 7.0% between 2005 and 2006. Yield has dropped substantially with the rapid escalation in prices over the past 12 – 18 months. Yields have now fallen to the point, where they are unlikely to fall further below a minimum of around 5.4%

Retail Market Outlook

Due to the internal dynamic of the Chinese economy and government's policies, the Chinese economy will increasingly be driven by domestic consumption, and it is expected that the government will put more effort into stimulating local consumption. In Shanghai, a number of major infrastructure projects such as the construction of metro links, intercity railways and the Shanghai Disneyland Resort will further boost domestic demand in the medium term and continue to attract more international retailers to Shanghai. In addition, the recovery from the global financial crisis will lead to more MNCs entering the Shanghai market, bringing with it expatriates who will support the prime and specialist retail market.

Based on the above, the outlook for mid to high-end retail market in Shanghai is positive and the stable growth in disposable income will continue to drive demand for luxury product expenditure and mid to high-end retail space.

It is anticipated that new supply will be met by strong demand in the next few years. Below is a list of key demand drivers for retail development in Shanghai for the coming few years:

- Shanghai's economy is growing strongly and the middle class is growing in size and spending power. This is driving robust rental performance in the mid to high-end retail market.
- Long term consumption growth supported by growth in disposable income of the middle class will not only drive demand for international luxury brands in traditional retail precincts, but also support the expansion of the mid-end retail sector. In addition, increasing disposable income and urban population in suburban areas will create further demand for retail space in emerging suburban districts.
- Shanghai's status as the No. 1 International Financial Center in China will bring with it a growing expatriate population, which helps in attracting more international luxury brands opening flagship stores in Shanghai, with larger retail space requirements. On the mid-end side, the expansion demand from domestic and existing brands with bigger space concept stores will be the key drivers underpinning demand for retail space.
- While high quality retail projects are particularly attractive to the top-brand retailers as evident by the enlargement of leasing space at Plaza 66 by Tod's and Fendi, mid to high-end shopping malls will be highly sought after by the growing number of brand name local retailers, who seek more affordable space.

BEIJING CITY OVERVIEW**City Description**

Beijing is the capital of China and the largest city in north China. Located inland on the North China Plain, it is an important crossroads for trade and logistics in the northern China. The capital is an autonomously administered municipal district encompassing 18 administrative districts. It is the cultural and political centre of the country with all central government headquarters, state committee headquarters and ministries stationed here. Beijing's financial and banking sector has grown in importance with China's admission to the WTO which led to the liberalisation of domestic financial markets.

Economic Background and Outlook***Beijing's Key Economic Indicators***

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	11.8	12.8	18.9	9.0	10.2	10.2
FDI (USD 100 Million)	32.3	45.5	50.7	60.8	61.2	63.6
FDI Growth (%)	4.7	41.1	11.4	19.9	0.7	4.0
Retail Sales of Consumer						
Goods (RMB100 Million)	2,911.7	3,295.3	3,835.2	4,645.5	5,309.9	6,229.3
Retail Sales Growth (%)	32.8	13.2	16.4	21.1	14.3	17.3
CPI (%)	1.5	0.9	2.4	5.1	-1.5	2.4

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

Gross Domestic Product (GDP)

As a result of economic stimulus policies, particularly fiscal measures, Beijing's economy has recovered after a substantial slowdown in real GDP growth rate in 2008 due to the global financial turmoil and witnessed a V-shaped rebound in real GDP growth rate. The GDP growth rate remains stable at 10.2% in 2010 and is in a consolidation phase.

Key Economic Sectors

Beijing's economy is underpinned by key tertiary industries, including finance, information technology, real estate, education and retail. Consumption is increasingly important in driving the capital's economy. In 2010, the tertiary sector generated more than 74.0% of the GDP, close to the level of most advanced economies.

Foreign Direct Investment (FDI)

As one of the preferred investment destinations in China for MNCs, the city has strong profit generating potential and a mature economic environment, with FDI nearly doubled over the past six years, and although the FDI growth rate dipped to 0.7% YOY in 2009 due to the global financial crisis, annual FDI growth rate rebounded by 4.0% in 2010 as a result of continuous improvement in Beijing's investment environment. 'Leasing and business services', 'information, transmission, computer services and software', and 'property' sectors are the top three contributors to FDI in the city.

Consumer Price and Inflation (CPI)

Beijing's inflation was a concern in 2007 and 2008, as it was in the rest of the country, but with economic growth easing and government policies starting to take hold, CPI has fallen during the start of 2009 to new, manageable levels. After experiencing a negative inflation rate of -1.5% in 2009, inflation in 2010 is a manageable 2.4%, although there are concerns about food price increases and appreciation of Beijing house prices which rose by 11.5% YOY.

Retail Sales of Consumer Goods

From 2005 to 2010, Beijing's retail sales of consumer goods maintained a double digit growth rate, with the highest growth rate of 21.1% being recorded in 2008. The volume of retail sales has maintained a strong trend in 2010, reaching RMB622.9 billion, a YOY growth rate of 17.3%. At present, daily use articles and food purchases contribute to 52.6% and 18.9% of the total sales respectively, which suggests there is still a great deal of possibility for diversification in the consumer goods market towards more luxury goods as demand for basic necessities have been met.

Consumption has become an increasingly significant contribution to Beijing's GDP over the past six years (from 40.0% in 2005 to more than 50.0% in 2010), and the city's main economic driver. It is expected that retail sales will maintain a 10.0% to 11.0% growth rate in the coming few years due to robust domestic demand.

Economic Outlook

After the global financial crisis, Beijing recovered quickly due to government's series of economic stimulus policies. Beijing's political role has meant that the fiscal stimulus package has generated considerable economic activity in the city. Unlike 2008-2009, the macro government policies have switched from expansionary to tightening so as to maintain a more moderate rate of economic growth. Moreover, the strict controls over real estate sector aimed at stabilising housing prices has caused property investors to take a more cautious approach to this asset class while diversifying some of their portfolio risk to other real estate uses, including retail.

Demographics Conditions and Outlook*Key Demographic Information – Beijing*

	2005	2006	2007	2008	2009	2010
Total population ('000)	15,380	15,810	16,330	16,950	17,550	19,612
Population growth rate (%)	3.0	2.8	3.3	3.8	3.5	11.7
Unemployment rate (%)	2.1	2.0	1.8	1.8	1.4	1.4
Per Capita Disposable Income of Urban Households (RMB)	17,653	19,978	21,989	24,725	26,738	29,073
Per Capita Disposable Income Growth (%)	11.2	12.2	11.2	7.0	9.7	8.7
Per Capita Consumption Expenditure of Urban Households (RMB)	13,244	14,825	15,330	16,460	17,893	19,934
Per Capita Consumption Expenditure Growth (%)	8.6	11.9	8.7	7.4	8.7	11.4
Urbanisation rate (%) ¹	83.6	84.3	84.5	84.9	85.0	86.0

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

¹ Urbanisation rate not available from Beijing Statistics Yearbook, calculated as the proportion of urban population out of total population.

Population

The latest census in China in late 2010 has revealed that the population of Beijing has risen from 15.4 million in 2005 to 19.6 million in 2010, equivalent to an annual growth of 4.6%. Beijing has a very large land area and decentralised city structure which will enable the city to accommodate further population expansion in the mid-term, with the city continuing to draw migrants from the rural hinterland, given that the natural population growth rate is now negative.

Beijing's urbanisation rate has been growing steadily in the past five years and is expected to continue to increase as the city's urban area continues to expand from the city centre into the southern countryside and as the public transportation system improves.

Per Capita Income and Consumption Expenditure of Urban Households

Per capita disposable income of the urban households in Beijing has increased by 64.7% over the six years from 2005 to 2010, with an average annual growth rate of 10.0%. It exceeded RMB29,000.0 in 2010, which is 52.1% higher than the national average. With a large and growing tertiary sector, this income level is expected to continue to climb.

Per capita expenditure of urban households has increased dramatically over the past six years, with a cumulative increase of RMB6,690 in absolute terms or a cumulative average growth rate of 50.5% from 2005 to 2010. In 2010, per capital expenditure in Beijing reached RMB19,934, which is approximately 47.9% higher than the national average. The strong spending power of urban households in Beijing is very attractive to retail developers.

Key Players and Competitors

An upbeat market during the mid to late 1990s coupled with deregulation has paved the way for many large international developers to enter the Beijing retail market. Their entrance has lifted the operation and building standards and allowed for a greater degree of competition in the marketplace. This is in contrast to most second tier cities where foreign developers are in the minority.

Major retail projects in Beijing would include Beijing Yintai Centre, China Central Place, China World Trade Centre, Beijing Oriental Plaza, Joy City Sun Dong An, Sanlitun Village, Seasons Place and Raffles City Beijing.

Major domestic and international developers with a presence in Beijing would include Kerry, Sun Hung Kai, Beijing Guohua, Swire Property, Beijing Street Holding Company, and CMA.

CMA currently has six operating malls in Beijing: CapitaMall Wangjing (Wangjing retail precinct); CapitaMall Xizhimen (between CBD and Zhongguancun retail precincts); CapitaMall Anzhen; CapitaMall Shuangjin (near CBD); Raffles City Beijing (near Chaowai) and CapitaMall Cuiwei, with two additional malls under construction (Taiyanggong and Ximao malls). Generally, CMA provides one-stop services to mid to high-end customers, with competitive rental levels. Operating status varies amongst the malls in Beijing. In particular, the occupancy rates of CapitaMall Xizhimen and CapitaMall Wangjing are considerably high, with both of them located in key retail precincts.

Retail Market Supply and Market Performance

Existing Retail Stock

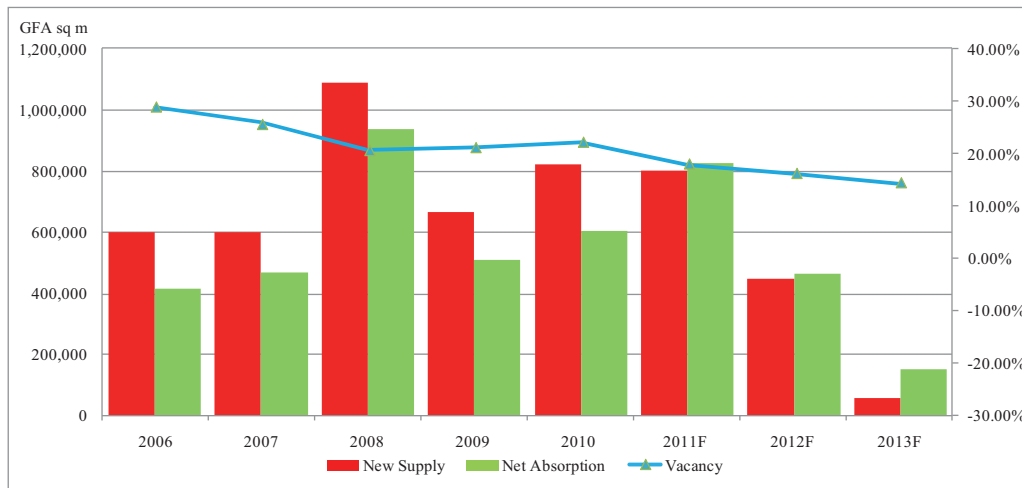
At the end of June 2011, total mid to high-end retail stock in Beijing stands at 4.1 million sqm. while stock in suburban areas is approximately 2.5 million sqm. The suburban stock covers a large area of Beijing (mostly being new suburban areas), with many developers drawn to the market by the increasing spending power of residents in these areas. The total suburban stock’s market share has increased from 46.0% to present 50.8% from end of 2009 to end of June 2011. Meanwhile the CBD retail precinct (431,000 sqm.) and Wangfujing retail precinct (380,000 sqm.), the most premium districts, hold the next largest amounts, respectively. Developers still prize these inner city areas as reliable investments despite the decline in the availability of new space and decentralisation.

Beijing has the highest shopping mall per capita in China, recording 0.26 sqm. per capita in 2010. While this represents a significant growth from a per capita ratio of 0.08 in 2005, indicating that rapid development has occurred in the retail market in the past few years, the low figure indicates that there is room for further growth.

Supply, Demand and Occupancy

New supply peaked in 2008, with 1.1 million sqm. of new mid to high-end shopping mall space entering the market. This new supply was met by a strong demand of 940,000.0 sqm. despite the impact of the financial crisis in the second half of 2008. Both new supply and demand in 2009 have fallen from that of 2008 but they have quickly bounced back in 2010, with most new stock being absorbed in the year of completion, showing an overall positive market environment. Two new mid to high-end shopping malls entered Beijing in first half of 2011, namely China World Shopping Mall and Surprise Outlet, supplying a total of 98,000 sqm. new shopping mall space in the city.

Supply, Demand and Occupancy



Source: DTZ Consulting, August 2011.

For future supply, it is estimated that a total of 1.2 million sqm. of mid to high-end retail shopping mall space will be scheduled for delivery over the next three years, with the lion’s share of this supply to be located in suburban areas. There will be five new projects supplying additional retail space in the core city area (CBD, Xidan, and Sanlitun), representing 20.0% of total new supply in terms of GFA. Post 2011, supply is likely to slow with limited project completions expected in the retail market. While there is the possibility that more projects will be approved in future, the growth rate of new supply will slow down and the focus on developing the retail market in outer suburban areas will continue.

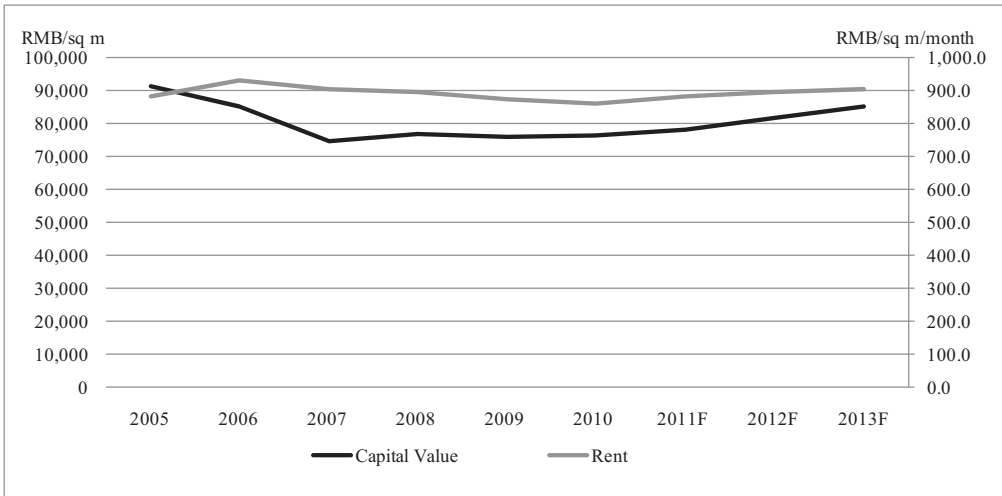
Demand for retail space has experienced steady growth since 2009, reflecting confidence in the retail market in Beijing. This trend is expected to continue in the coming years, accompanied by falling vacancy rate due to stable rental and improving retail business, particularly as malls become more popular in the suburban areas. Meanwhile, most inner city districts have established good track records for attracting tenants and this is expected to continue into the future as new future supply tapers off in 2012.

Rental Values, Capital Values and Investment Yields

Retail rental in Beijing has surged by 17.0% in 2005. However, rental rates have slipped gradually since 2007, although the decline was not major given the wider economic environment. In fact, the retail sector has fared better than both the residential and the office market in terms of stability. The rapid growth rate witnessed from 2004 to 2006 is unlikely to be replicated, although relatively strong growth is expected in the future, as the levels of new supply taper off.

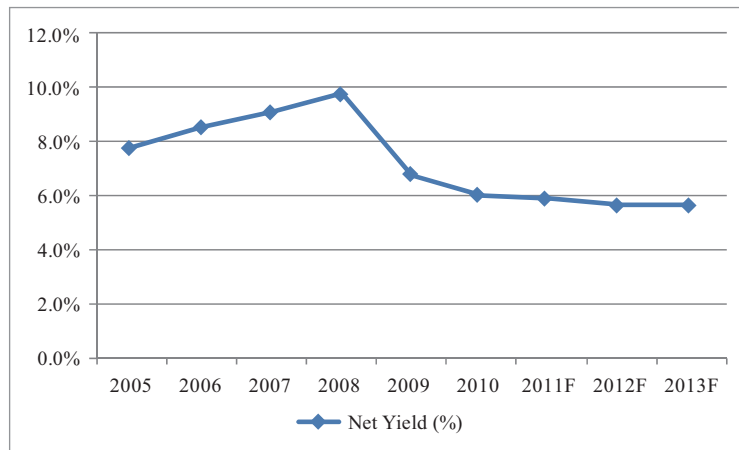
Rental growth should continue, although at a moderate rate over the coming years as the mid to high-end market matures across the suburban districts. At the same time, local purchasing power is likely to continue to grow and the trend towards higher quality shopping malls will continue.

Rental Value and Capital Value forecasts



Source: DTZ Consulting, August 2011.

Capital values have largely stabilised after a correction in 2007 where large quantities of supply started to enter the market from a broader range of retail precincts. The fall in prices was partly a result of the government’s cooling measures which were more rigorously enforced in Beijing than many other parts of the country. Capital values of mid to high-end retail projects are expected to continue to edge upwards in the next couple of years mainly because investors expect retail market to outperform residential market and due to limited supply of retail projects in core retail precincts. Anecdotally, investors hold an optimistic attitude of capital values for shopping malls in suburban areas, as suburban malls have boosted local economies as well as targeting identified market.

Forecast on Net Investment Yields for Prime Retail

Source: DTZ Consulting, February 2011.

Yields on retail investment were relatively high before 2009, but fell due to the global financial crisis and surge in supply. However, yields will continue to fall despite a recovery in rental rate from 2010 onwards as capital value growth rate is expected to outperform that of rental due to limited supply of retail property (especially projects in core retail precincts) in the coming few years.

Retail Market Outlook

It is expected that new supply will be absorbed through increased demand in the next few years. Below is a list of key demand drivers for retail development in Beijing for the coming few years:

- Despite the macro economy slowing in early 2009 as a result of the financial crisis, the impact was relatively mild and the recovery in consumer spending, and other indicators of economic activity has been healthy.
- According to Beijing's 12th Five-Year Plan, the purchasing power of Beijing residents will further improve, with average annual income growth rate for both urban and rural residents rising from 6% to 8% by the end of the Five-Year Plan period, which in turn will support the growth of the retail market.
- The retail property market has become a favorite investment option for most property developers in recent years as a result of the restricted regulations and controls in the residential property market. There have not been any stringent controls or policies relating to the retail property market which minimises the risks to investors.
- The suburban retail market makes up the bulk of Beijing's retail stock, and would continue to expand and narrow the gap in quality with the core city projects. The surrounding population is also growing and becoming increasingly wealthy, meaning that suburban districts will have increasingly affluent retail catchment.
- New supply in 2012 is limited (less than half a million square meters per year) and given the increasing demand, it is expected that the new supply and existing overhang will be quickly absorbed. Furthermore, any future supply volume would be somewhat limited, as prime locations are mostly developed already.
- Beijing's permanent position as the government's seat of power and the national capital should ensure that future government spending and the stability of public service employment continue to support the development of the city.
- Government's plan to sustain economic growth via infrastructure investments will help to improve urban accessibility and integration of retail districts.

GUANGZHOU CITY OVERVIEW

City Description

Guangzhou is the capital of Guangdong province, and is one of the most important economic centres in southern China. Designated as one of the five national central cities, it is located on the southern reaches of the Pearl River in the Pearl River Delta. It is also located close to the two special administrative regions, Hong Kong and Macao. Given its strategic location, Guangzhou has long been the most important trading port of southern China and is known as the “southern gateway” of China.

Guangzhou is a major manufacturing hub and the city’s transportation infrastructure is amongst the best in China, with an extensive metro system and two airports. The new Baiyun International Airport opened in 2004 and has become the second busiest airport in terms of traffic movements and the connectivity of the city has been further strengthened after the opening of the Wuhan-Guangzhou high-speed railway in 2009.

Economic Background and Outlook

Guangzhou’s Key Economic Indicators

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	12.9	14.9	15.3	12.5	11.5	13.0
FDI ¹ (USD 100 million)	26.5	29.2	32.9	36.2	37.7	39.8
FDI Growth (%)	10.3	10.4	12.4	10.3	4.2	5.4
Retail Sales of Consumer						
Goods (RMB100 million)	1,898.7	2,182.8	2,595.0	3,140.1	3,647.8	4,476.0
Retail Sales Growth (%)	13.2	15.0	18.9	21.0	16.2	22.7
CPI (%)	1.5	2.3	3.4	5.9	-2.5	3.2

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Gross Domestic Product (GDP)

Guangzhou’s GDP has maintained double digit rates of growth over the last 6 years despite the financial crisis in 2008. The rate of growth in 2010 increased to 13.0% as the economy rebounded from the global financial crisis.

Key Economic Sectors

The secondary and tertiary sectors have contributed 37.2% and 61.0% to Guangzhou’s total GDP respectively. Despite the city’s reputation as a manufacturing centre, the tertiary sector grew by 13.2%, indicating a shift towards a more advanced economy, and less reliant on export-driven manufacturing.

Foreign Direct Investment (FDI)

Guangzhou has traditionally been a popular investment destination for foreign companies. However, after increasing quickly between 2005 and 2008, FDI has reached a relatively high level and started to grow at a more moderate rate. The average rate of growth is about 9%, somewhat lower than that of its GDP and retail sales, reaffirming the growing reliance on domestic sources of demand.

¹ Total Contracted Value.

Consumer Price Index (CPI)

Inflation in Guangzhou has crept upward since 2006 and had increased significantly to 5.9% in 2008 due to the escalation in oil prices since 2007 as well as the rapid expansion of the economy. Prompt reaction by the government, combined with the slump in global demand in the wake of the global financial crisis led to deflation in 2009. In 2010, the inflation has returned to a more manageable level of 3.2%.

Retail Sales of Consumer Goods

Being one of the most developed cities in China, Guangzhou's retail sales increased rapidly over the past five years as its economy continued to expand, and as local consumption began to be an increasingly significant part of economic growth. In 2010, the volume of retail sales of consumer goods increased by a very substantial 22.7% YOY, reaching RMB447.6 billion.

Economic Outlook

Despite being an important export manufacturing centre, Guangzhou did not suffer from the economic downturn as much as was expected, showing that its economy is increasingly driven by domestic consumption. Balanced growth in secondary and tertiary industries is expected to boost local wages across the board. Given the robust growth of per capita disposable income, as long as the government can keep inflation under control, the mid to high-end retail market will experience a period of stable growth.

Demographics Conditions and Outlook**Guangzhou's Key Demographics Information²**

	2005	2006	2007	2008	2009	2010
Total Population ('000)	9,497	9,755	10,046	10,182	10,335	12,701
Population Growth (%)	–	2.7	3.0	1.4	1.5	22.9
Unemployment Rate ¹ (%)	2.1	2.1	2.2	2.4	2.3	2.2
Per Capita Disposable Income of Urban Households (RMB)	18,287	19,851	22,469	25,317	27,610	30,658
Per Capita Disposable Income Growth (%)	8.3	8.5	13.2	12.7	9.1	11
Per Capita Consumption Expenditure of Urban Households (RMB)	14,468	15,445	18,951	20,836	22,821	25,012
Per Capita Consumption Expenditure Growth (%)	10.3	6.8	22.7	9.9	9.5	9.6
Urbanisation Rate (%)	–	82.0	82.2	82.2	82.5	–

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Population

In 2007, Guangzhou became the first city in Guangdong province to officially pass the ten million population mark. According to the latest census in 2010, Guangzhou's total population has now reached 12.7 million. Being located in the highly urbanised Pearl River Delta, the city administers a smaller rural hinterland than many other key cities in China, and so has a relatively high urbanisation rate, of around 82.0% which has varied little between 2006 and 2009.

² Official data in 2010 not yet available.

Per Capita Income and Consumption Expenditure of Urban Households

Guangzhou's per capita disposable income has always been one of the highest amongst cities in China. By 2009, per capita disposable income reached RMB27,610 and continued to increase by 11.0% YOY, reaching RMB30,658 in 2010.

This continuous growth in per capita disposable income is driving the strong growth consumer spending in Guangzhou. The average rate of growth of Guangzhou's per capita consumption expenditure is higher than that of per capita disposable income for the past few years. On average, Guangzhou residents spent more than 81.3% of their disposable income, which is the highest amongst the first tier cities. The consumption expenditure structure of urban households in Guangzhou includes 33.0% spent on food and this level of spending on food represents a percentage similar to that in a middle income developing country³, strongly suggesting that Guangzhou's residents are adequately meeting all their needs, and are now focusing on the acquisition of higher-end consumer products.

Key Players and Competitors

The attractiveness of Guangzhou as an investment location has been further enhanced after China's accession to the World Trade Organisation (WTO) in 2001 and abolition of restrictions on local joint-venture partnerships for foreign companies in 2005. As a fairly developed city and with a long history of foreign trade and investment, Guangzhou already enjoyed a comparatively high level of disposable income and a receptiveness to international trade.

Given the high spending power in Guangzhou, it is unsurprising that international retailers have been playing an important role in the high-end retail segment. A range of high-end and top luxury brands including Louis Vuitton, Hermès, Prada, Dior, Fendi, Chloé, Hugo Boss, Valentino, Versace, Omega and Rolex etc now have a strong presence in Guangzhou. Since the retail market in Guangzhou is very mature, rather than locating in just one or two major malls, these brands are very spread-out.

The market is currently dominated by local developers, with some projects developed in the form of joint ventures with Hong Kong Developers. In particular, Guangdong Teem and Guangzhou Friendship Group are two very strong local players in the market, with shopping malls focusing on the mid and high-end market. Looking ahead, more mid to high-end shopping malls will be developed but local developers will continue to play a leading role in Guangzhou. New major upcoming projects will be developed by the Swire Group and a range of local developers which includes GT Land Holdings; and Paragon Group.

Retail Market Supply & Market Performance

Existing Retail Stock

By the end of Q2 2011, there was approximately 1.0 million sq m of mid to high-end retail space in Guangzhou. Over half of this stock is located within the Tianhe Sports Stadium CBD with the bulk of the remainder being located in Yue Xiu district which covers Beijing Road, Huanshidong Road and Zhongshan San Road retail precincts, accounting for 34.9% of the total stock. Meanwhile, although the current stock in Pearl River New City CBD is comparatively small, it is expected to grow as developers are optimistic about the increasing spending power of residents and office workers in this area.

Supply, Demand and Vacancy

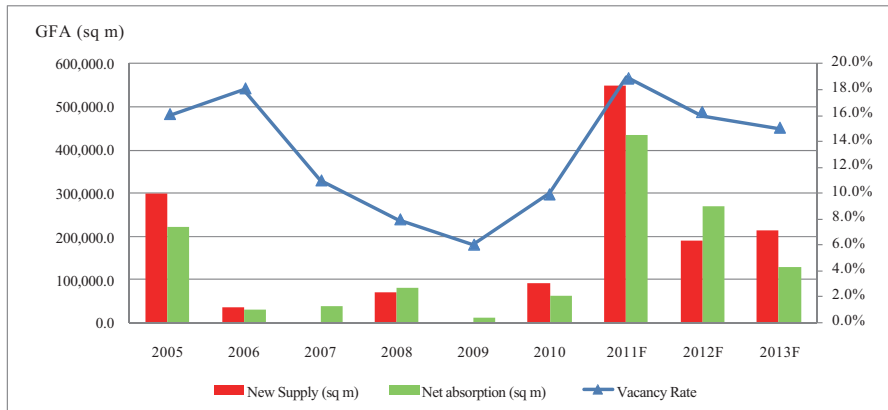
With the exception of the opening of the Grandview Mall in 2005, there had been limited new mid to high-end retail space completed in Guangzhou in the second half of the last decade. However, supply has started to catch up with the growing demand for retail space, with two new retail malls opening in 2010,

³ 2009 consumption expenditure structure.

supplying the market with a total of 90,700 sq m new retail space. Another two shopping malls entered the market in Q2 2011, supplying an addition of 138,000 sq m of new retail space. Due to the increased purchasing power of residents and strong growth in retail sales, property developers have begun to develop retail as part of mixed-use projects to capitalise on the increased demand for retail space.

The average vacancy rate of mid to high-end retail space in Guangzhou was lowest in 2009, at 6.9% reflecting a strong demand for retail space given limited supply. The following chart shows the supply, demand and vacancy rate with respect to mid to high-end retail market in Guangzhou for the periods indicated:

Supply, Demand and Vacancy



Source: DTZ Consulting, August 2011.

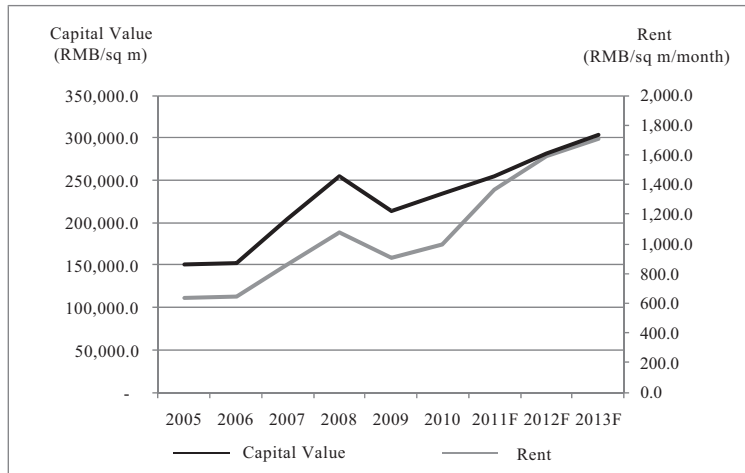
The relatively low level of new supply of retail space saw a continuous reduction in the average vacancy rate across the city from 2005. Evidently, the new supply in 2008 was insufficient to meet the demand for quality retail space, with the vacancy rate falling further in 2009 to just 6.9%. With increased supply, the average vacancy rate of mid to high-end retail space in Guangzhou reached 14.7% as at end of Q2 2011. Another 0.4 million sq m of new mid to high-end retail space is expected to enter Guangzhou in the second half of 2011 and vacancy rate are expected to rise in the short term, although many retailers are looking for new space to expand in the Guangzhou retail market while vacancy in other retail precincts is expected to fall due to limited future supply.

Rental Values, Capital Values and Investment Yields

Retail rental in Guangzhou has been experiencing high annual growth of over 10% since 2006, peaking with a rental growth rate of 33.7% in 2007 and 25.1% in 2008. However, the average rent decreased by 16.2% in 2009, reaching RMB1,219/sq m/month, as a result of the uncertainties of international retailers in the wake of the global financial crisis. As the impact on China appeared to be much less significant than expected and with international retailers reactivating plans to expand in the city, retail rental growth quickly reverted back to the 9.8% level in 2010, before further increasing to RMB1,394.1/sq m/month as at end of Q2 2011.

The quick recovery can be explained by the strong demand of new retail space in Guangzhou as well as the limited new retail space in 2009 and 2010. Over the next three years, the new supply of mid to high-end retail space will increase by 0.8 million sq m. Over the short term, it is expected that rent growth rate will first experience a slight drop with the new supply and then increase again at a moderate rate.

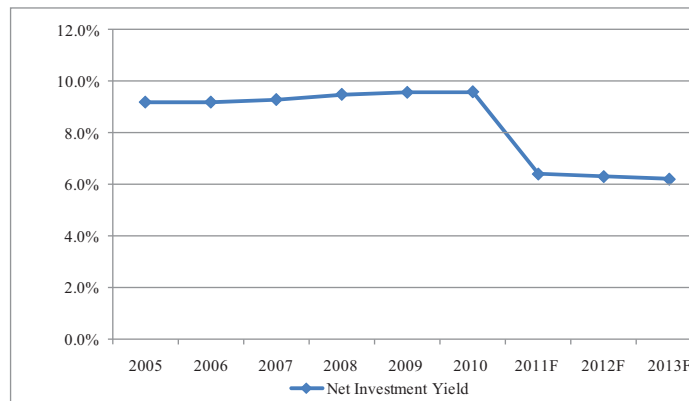
Capital Value and Rental Value Forecasts



Source: DTZ Consulting, August 2011.

Capital values of mid to high-end retail space experienced impressive growth of 55.6% since 2005. Capital values fell by 16.3% in 2009 as a result of global crisis, before recovering rapidly and bounced back by 9.9% YOY in 2010 as the economy recovered. It is expected that future supply will be met by strong demand and capital values will continue to rise steadily in the coming few years.

Forecast on Net Investment Yields for Mid to High-end Retail



Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

Yield for mid to high-end retail space in Guangzhou remained above 9% between 2005 and 2010 due to a stable investment climate. Net yield has remained very stable as change in rent has closely tracked the changes in price. With more supply in 2011 and 2012, yield is expected to drop to a much lower level of around 7.6%.

Retail Market Outlook

Guangzhou is amongst the most prosperous cities in China with very high purchasing power supported by strong economic growth and high per capita disposable income. The solid economic outlook, coupled with the government's policies which aim to stimulate domestic consumption have created an attractive environment for retailers in Guangzhou. In addition, the development of the high-speed railway will further enhance the connectivity of Guangzhou with other cities in China, including Hong Kong. This will promote the economic diversification of the city and boost the city's attractiveness to international retailers in the long run. As such, the outlook for mid to high-end retail market in Guangzhou will remain positive and continued growth in urban households' income will further drive demand for mid to high-end retail space.

It is anticipated that new supply will be met by strong demand in the next few years. Below is a list of key demand drivers for mid to high-end retail development in Guangzhou for the coming few years:

- Guangzhou possesses very strong fundamentals of high real GDP growth, high disposable income as well as a large consumer base, which will provide sustainable support for retail sales growth.
- In addition, the continued maturing of the Pearl River New Town CBD as a commercial hub as well as the continued expansion in income of middle class households will also help attract more international retailers to the city.

SHENZHEN CITY OVERVIEW

City Description

Shenzhen has been a key city in the reform and opening of China since the 1980s. Strategically situated immediately north of Hong Kong, Shenzhen was established as a Special Economic Zone (SEZ) of China in 1980, the first city granted this unique economic status. Using its economic policy autonomy, the city has drawn up a host of policy incentives to encourage the development of manufacturing activities and to attract foreign investment. Shenzhen's modern cityscape and rapid development are the result of a vibrant economy made possible by large amount of FDI (including from Hong Kong).

Economic Background and Outlook

*Shenzhen's Key Economic Indicators*¹

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	15.1	16.6	14.8	12.8	10.7	12.0
FDI (USD 100 million)	29.7	32.7	36.6	40.3	41.6	43.0
FDI Growth (%)	26.3	10.1	12.0	10.1	12.0	3.3
Retail Sales of Consumer						
Goods (RMB100 million)	1,441.6	1,680.5	1,930.8	2,276.6	2,598.7	3,000.8
Retail Sales Growth (%)	15.3	16.6	14.9	17.9	12.8	17.2
CPI (%)	1.6	2.2	4.1	5.9	-1.3	3.5

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

¹ Official data for 2010 not available.

Gross Domestic Product (GDP)

Shenzhen's economy saw a slight drop in real GDP growth during the financial crisis in 2009 continuing its double-digit real GDP growth rate for the past few years. Real GDP growth rebounded to a strong 12.0% in 2010, partly due to the economic restructuring that has seen the secondary sector play a less central role in the economy, together with a shift from export focused growth to domestic consumption.

Key Economic Sectors

The four pillar industries contributing to Shenzhen's GDP growth are financial services, IT, logistics and cultural industries. Shenzhen's tertiary sector has grown steadily in recent years to the point where it comprises the largest share of the city's economy. Tertiary sector comprised 52.4% of the city's economy in 2010, representing an increase of 9.9 percentage points YOY.

Foreign Direct Investment (FDI)

Shenzhen is one of the few Chinese cities that possess a mature infrastructure as well as a base of highly skilled knowledge workers to support continued business development and expansion, particularly in the advanced tertiary sectors. In 2009 Shenzhen secured a total FDI of USD 4.3 billion, and the continued expansion in FDI, indicates that foreign investors continue to have confidence in Shenzhen's future as it undergoes transformation from a manufacturing centre into a city providing advanced financial and IT services.

Consumer Price Index (CPI)

Inflation in Shenzhen trended upwards during 2007 and 2008, due to the increasing crude oil prices in 2007 as well as a heavy snowstorm which triggered food shortages in China in early 2008. Shenzhen's inflation has fallen to a more manageable level of -1.3% and 3.5% in 2009 and 2010 respectively, although inflationary concerns remain for 2011.

Retail Sales of Consumer Goods

Shenzhen's retail sales have enjoyed a continued expansion in the range between 12.8% and 17.9% per annum since 2005 with a CAGR of 15.9% over the past 6 years. The global financial crisis has had little impact on retail sales growth in Shenzhen with retail sales volumes reaching RMB300.0 billion or a YOY increase of 17.2%, demonstrating the robustness of the retail market in Shenzhen.

Economic Outlook

Shenzhen economy is both diversifying and continuing to grow strongly as it rebounded from the global financial crisis. The government is aiming to shift the economic basis of the city from being an export-oriented manufacturing economy to a domestically driven consumption-based economy.

In addition, further economic development is closely tied with plans to integrate the city ever more closely with Hong Kong and the rest of the Pearl River Delta region. It is expected that the retail sector will benefit from the city's growing disposable incomes and a younger age profile than much of the country. The city is also undertaking a number of major reclamation and construction urban development projects.

Demographics Conditions and Outlook***Shenzhen's Key Demographic Information²***

	2005	2006	2007	2008	2009	2010
Total Population ('000)	8,279	8,464	8,617	8,768	8,912	10,358
Total Population Growth (%).	3.4	2.3	1.8	1.8	1.6	16.2
Unemployment Rate ³ (%)	2.4	2.3	2.3	2.3	2.6	–
Per Capita Disposable Income of Urban Households (RMB)	21,494	22,567	24,870	26,729	29,245	32,381
Per Capita Disposable Income Growth (%).	7.0	2.7	5.9	3.9	9.4	10.7
Per Capita Consumption Expenditure of Urban Households (RMB/person)	15,912	16,628	18,753	19,779	21,526	22,807
Per Capita Consumption Expenditure Growth (%)	8.0	2.3	8.4	1.1	8.8	5.9
Urbanisation Rate (%).	100	100	100	100	100	100

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Population

According to the latest census conducted in 2010, Shenzhen has a total population of 10.3 million in 2010, representing a 25.1% growth since 2005. With the outer suburban districts of Baoan and Longgang completing their urban transformation in the middle of the last decade, Shenzhen has become the first city in China with an official urbanisation rate of 100%.

As the city has limited capacity to expand due to its geographic constraints, the government is focusing on controlling further population growth and urban development, in order to ensure a high quality of life for its residents without putting further stress on the city's infrastructure. The government's plan is to control population growth through restricting household registration to migrant workers.

Per Capita Income and Consumption Expenditure of Urban Households

Shenzhen's per capita disposable income has grown sharply from RMB21,494 in 2005 to RMB32,381 in 2010, representing growth of 50.7%. Over the past two years, the city government's most important economic policy priority has shifted from minimising the impacts of the financial crisis on workers to raising income and encouraging domestic consumption. In 2010, the city's average per capita disposable income level was the highest amongst the first tier cities in China. This coupled with a relatively young population indicates a deep reservoir of spending power waiting to be released in the coming years.

On average, Shenzhen residents spent around 73.5% of their disposable income, which is comparable to other first tier cities in China. Shenzhen has the third highest per capita expenditure of RMB22,807 amongst the first tier cities in the country, behind Guangzhou's RMB25,012 and Shanghai's RMB23,200. Over the past 6 years, per capita expenditure has grown significantly by 43.3%, in absolute terms, or by a CAGR of 7.9% implying a large underlying purchasing power. Shenzhen's middle class is growing rapidly, with living standards similar to those of the global middle class. For example automobile ownership has increased to 32.9 per 100 households in 2009, from 27.9 per 100 households in 2008.

² Official data in 2010 not yet available.

³ Registered urban employment rate.

Key Players and Competitors

Shenzhen's mid to high-end retail market is currently dominated by local and domestic developers with signs of a growing international presence. An increasing number of international retailers have sought to enter the city due to the high per capita disposable income level and increasing lifestyle sophistication of the middle class and the ever growing high-end retail segment.

Retail Market Supply & Market Performance

Existing Retail Stock

By the end of Q2 2011, there was approximately 1.2 million sq m of mid to high-end retail space in Shenzhen. Caiwuwei retail precinct, in Luohu district, now holds the largest area of mid to high-end retail space in Shenzhen, accounting for 24.1% of total stock as at the end of Q2 2011.

Shenzhen's shopping malls represented only 12% of the total retail stock in Shenzhen in 2008⁴, giving an average area of shopping mall per capita of 0.21 sq m, which is relatively low when compared to other first tier cities such as Beijing (0.26 sq m per capita) and Shanghai (0.17 sq m per capita), indicating that there is still substantial room for shopping mall development in Shenzhen.

Newer urban districts to the west of the city have benefited from the entrance of more shopping malls to cope with rising number of residents. Nanshan district, in particular, has become a new development hotspot owing to its reputation as a high-end residential district as well as the improved connectivity to Hong Kong. Qianhai, which forms the southwest coast of Nanshan district, has implemented a new CBD development plan positioned to be a business hub connecting Guangzhou, Shenzhen and Hong Kong.

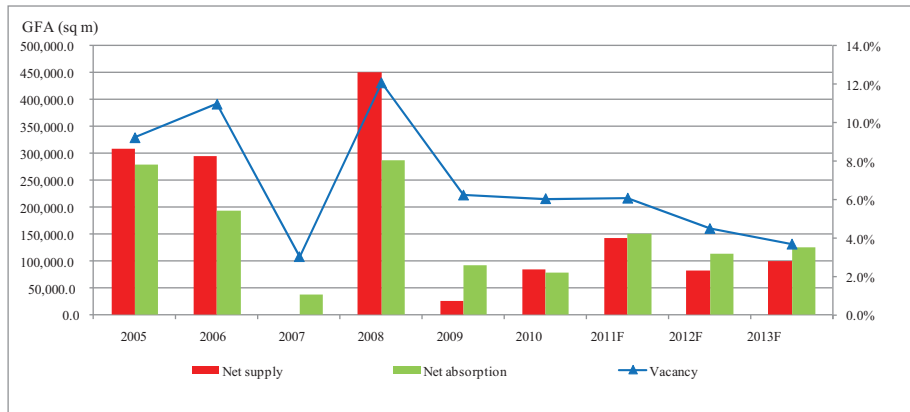
Supply, Demand and Vacancy

New supply of mid to high-end retail space peaked in 2008, with all of new supply of 451,000 sq m of retail space being located in western Shenzhen, with the launch of new retail space in this area timed to coincide with the opening of new infrastructures and transportation networks serving the western areas.

An estimated of 325,000 sq m of mid to high-end retail supply is anticipated to come onto the Shenzhen market over the next three years. Approximately 69.2% of this future supply will be located in suburban districts and this pattern of retail development is one example demonstrating how the provision of transportation infrastructure has direct positive implications to real estate development, where shopping malls serving the wider community in suburban locations will play a more significant role in the coming years.

⁴ DTZ Research and Shenzhen Commercial Outlets Census Reports

Supply, Demand and Vacancy



Source: DTZ Consulting, August 2011.

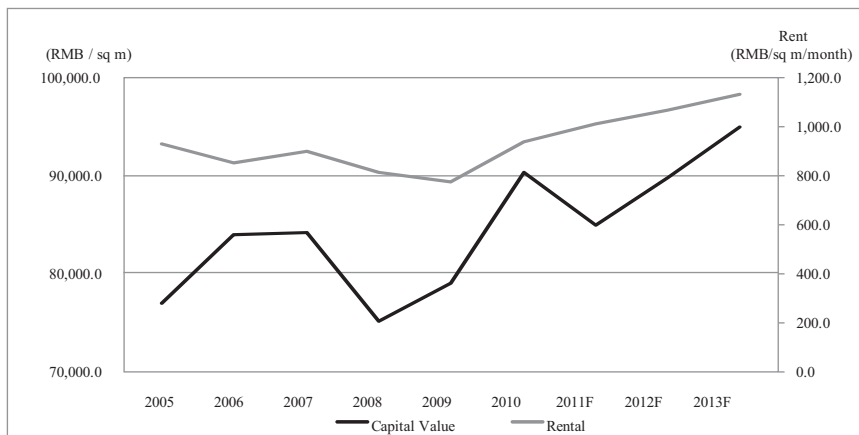
With the reduced supply after the peak of 2008, demand for mid to high-end retail space has remained strong, bringing supply and demand for retail space back into equilibrium in 2010. Looking ahead, limited supply of mid to high-end retail space will lead to a demand exceeding supply over the next three years as many retailers continue to search for expansion opportunities.

Rental Values, Capital Values and Investment Yields

As constrained supply of new land in both traditional retail centres and new development precincts has limited development in core areas, mid to high-end retail space has begun to emerge in suburban precincts. Average rent in the city has remained relatively steady for the past few years as decentralisation has masked the ongoing high growth rates in retail rents in more established shopping districts. It is expected that both traditional and suburban retail precincts will continue to grow in the coming few years as the newer districts become more established, and are able to command higher rents.

It is expected that over the coming years, rental rates will grow at a strong rate of approximately 6% to 8% per annum. Moreover, the maturity of Shenzhen’s retail market coupled with good property management and attractive retail environments should help keep the vacancy rate low and continue to drive the growth of mid to high-end shopping mall rent.

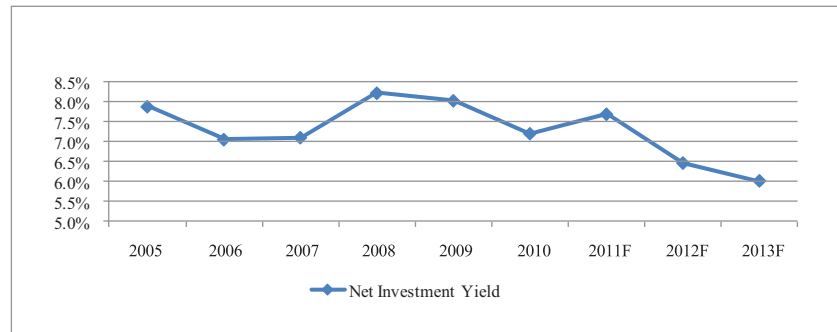
Rental Value and Capital Value Forecasts



Source: DTZ Consulting, August 2011.

Capital values for mid to high-end retail space has experienced stable growth, rising by 17.0% since 2005 as a range of investment grade retail assets became available in both the traditional and suburban retail precincts. Capital value is expected to continue its steady increase over the next few years given the strong growth prospects of the retail market supported by growing incomes and maturing consumer tastes.

Forecast on Net Investment Yields for Mid to High-end Retail



Source: DTZ Consulting, August 2011.

Yield has been between 7% and 8.5% in the previous 5 years. Yield peaked in 2008 as global funds left China in response to a sharp fall in Shenzhen's retail capital value. Retail yield has compressed since 2009 as a result to the surge in transaction values of mid to high-end retail space, pulling up the overall average capital value in 2009 and 2010. The recent tightening policies on residential property sector will lead to more traditional residential developers diverting their investment into retail developments, greater competition is therefore expected to happen in the market along with rental growth slowing down over the next few years, which will compress the investment yield in the few years to come.

Retail Market Outlook

Shenzhen is one of the most prosperous cities in China, with the second highest disposable income of any city in China. This strong purchasing power, and a policy environment supportive of domestic consumption has created a positive environment for retailers in Shenzhen. In addition, the development of Shenzhen's metro system is improving the accessibility of the city which is boosting the potential for retail development, especially in the suburban area. As such, the outlook for mid to high-end retail market in Shenzhen will remain positive and continued growth in urban household income will further drive demand for mid to high-end retail space.

Combined with the below list of key demand drivers for mid to high-end retail development in Shenzhen which will drive take up in the retail sector for the coming few years:

- Shenzhen's economy has recovered from the global financial crisis, with strong real GDP growth and a robust retail market in 2010, which will boost confidence in the retail sector.
- According to Shenzhen's 12th Five Year Plan, the disposable income of Shenzhen residents will increase by some 50.0% by 2015, which will drive growth of retail market and increase the demand for international luxury brands.
- Closer integration of Shenzhen and Hong Kong will improve accessibility and specialisation between the two cities.
- High quality retail projects are still attractive to top-brand retailers, with new players such as Chloe, D&G and Dunhill.
- The World University Games 2011 has proved to be a catalyst for increasing government spending on infrastructure development in suburban locations, spurring urbanisation and retail growth in these areas.

CHONGQING CITY OVERVIEW

City Description

Chongqing is a regional commercial and industrial hub of southwest China, with a well-developed transportation network linking the city with surrounding cities and provinces. Strategically located as a major gateway to the western part of China, the city was separated from Sichuan province and became a directly administered municipality in 2007, with an objective of accelerating its development as well as leading the growth of the entire western part of China under the China Western Development Strategy¹. Out of China's four provincial-level municipalities, Chongqing is the largest both by land area and population.

In 2007, Chongqing officially became the National Pilot Area for integrated urban/rural infrastructure reform which, together with the Three Gorges Project, has accelerated the city's pace of urbanisation.

Economic Background and Outlook

Chongqing's Key Economic Indicators

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	11.7	12.4	15.9	14.5	14.9	17.1
FDI ² (USD 100 million)	5.2	7.0	10.9	27.3	40.2	63.44
FDI Growth (%)	27.3	34.6	55.7	150.5	47.3	58
Retail Sales of Consumer Goods ³ (RMB100 million)	1,228.1	1,432.2	1,711.5	2,147.6	2,479.2	2,878.3
Retail Sales Growth (%)	14.1	15.1	18.5	24.2	19.2	19.3
CPI (%)	0.8	2.4	4.7	5.6	-1.6	3.2

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

Gross Domestic Product (GDP)

Chongqing has entered a rapid growth phase in its GDP cycle, as evidenced by the double-digit growth in GDP for the past five years. GDP grew by a very strong 15.9% in 2007 and during 2010, GDP grew by an astonishing 17.1%, driven by the rebound from the global financial crisis and ongoing reconstruction work after the earthquake in Sichuan in May, 2008.

Key Economic Sectors

Chongqing's economy is still focused mainly in the secondary sector which generated more than 55.2% of the city's economic activity in 2010. The major industries contributing to Chongqing's GDP growth are mainly lower-value added industries. However in recent years, there has been a drive to move up the value chain by giving more emphasis to the support and development of hi-tech and knowledge-intensive industries, and by providing favorable incentives for the electronics and information technology sectors, all of which will contribute to the building of a high tech manufacturing hub in western China. Chongqing's tertiary sector has remained steady in recent years and comprised 36.1% of the city's economy at the end of 2010.

¹ In March 1997, China's State Council announced Chongqing to become a Provincial-Level Municipality to accelerate the development of western China.

² Actual Utilized Value.

³ Retail Sales of Consumer Goods in Urban Area.

Foreign Direct Investment (FDI)

Foreign Direct Investment in Chongqing continued to rise over the past years, with a significant growth in FDI flowing into Chongqing since 2007. The FDI value has increased more than six fold during the past five years, from USD 5.16 billion in 2005 to USD 40.16 billion in 2009. The YOY FDI growth rate in 2009 (47.3%) was also one of the highest in the country. FDI into Chongqing was mostly directed at the manufacturing industry; real estate; financial intermediation; leasing and business services; environmental protection and public facilities in 2009.

In the long run, Chongqing would be able to absorb more foreign capital with the setting up of the National Pilot Area, as well as the establishment of Lianglucuntan Bonded Port Zone. These policies, coupled with the continued inflow of FDI, will reaffirm the status of Chongqing as an important economic, trade, and financial centre of the western China.

Consumer Price Index (CPI)

Inflation in Chongqing grew rapidly in 2008 by 5.6% due to the increase in crude oil price as well as the heavy snowstorm in China in early 2008 which caused a food price shock wave throughout the country. The inflation rate in Chongqing was above the national inflation rate in 2006 and 2008. In line with national trends, inflation dropped to -1.6% in 2009 due to government's stringent policies to the global financial crisis. CPI was recorded at 3.2% in 2010 as demand recovered and further bad weather pushed up food prices.

Retail Sales of Consumer Goods

Chongqing's retail sales increased by a CAGR of 20.3% between 2005 and 2007 and growth rate peaked in 2008 at 24.2% despite the global financial crisis and the natural disaster in 2008. The volume of retail sales of consumer goods continued its strong trend into 2009 and 2010, reaching RMB247.9 billion and RMB287.8 billion respectively with a YOY increase of 19.3% in 2010, indicating that there is a very rapidly growing retail market in Chongqing.

Economic Outlook

Going forward, China's economic policy focus will continue to shift growth towards a more sustainable model, one that is driven by domestic consumption. In addition to national policies, the ongoing industrial restructuring in Chongqing will see a transformation in the economy from manufacturing to services, similar to that seen in other first and second tier cities. These developments will also drive the urbanisation process, drawing migrants from Chongqing's large rural hinterland, and thus generating higher demand for the retail industry in the coming few years.

Demographics Conditions and Outlook*Chongqing's Key Demographic Information⁴*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Population ('000)	27,980	28,080	28,160	28,390	28,590	28,846
Population Growth (%)	–	0.4	0.3	0.8	0.7	1.0
Unemployment Rate ⁵ (%)	4.1	4.0	4.0	4.0	4.0	3.9
Per Capita Disposable Income of Urban Households (RMB)	10,244	11,570	13,715	15,709	17,191	17,532
Per Capita Disposable Income Growth (%)	11.1	12.9	18.5	14.5	9.4	11.3
Per Capita Consumption Expenditure of Urban Households (RMB)	8,623	9,399	10,876	11,147	12,144	13,335
Per Capita Consumption Expenditure Growth (%)	8.2	9.0	15.7	12.8	10.8	9.8
Urbanisation Rate	45.2	46.7	48.3	50.0	51.6	–

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

Population

Chongqing has a total population of over 28.8 million in 2010 and has a relatively slow growth rate, considering the city's large population base. However, the urban population has been growing at a steady annual growth rate of approximately 4% in the past few years, which is equivalent to a total increase of 2.1 million in urban population in Chongqing. This is one of the fastest growth rates of any major city in China, which suggests urbanisation is an important demographic trend.

Per Capita Income and Consumption Expenditure of Urban Households

Chongqing's per capita disposable income had increased steadily at a double-digit rate since 2005, recording a 14.5% rise YOY in 2008 before slowing down to 11.3% in 2010, reaching RMB17,532 in 2010.

On average between 2005-2001, Chongqing's residents spent approximately 79.6% of their disposable income (the same figure for Shenzhen during the same period was merely 74.00%). The consumption expenditure structure of urban households comprises 37.2% on food; 26.3% on services expenditure, 12.0% on education and entertainment; and 8.2% on household goods consumption in 2009. It is anticipated that the increased income will flow through to an increase of consumption expenditure, benefiting the retail sector in the long run.

The increasing per capita urban disposable income, changing consumer behaviour, improved shopping environment and improved quality of consumer goods will continue to drive retail sales over the short and medium term.

⁴ Official data is not yet available for 2010

⁵ Registered urban unemployment rate

Key Players and Competitors

Chongqing is well known as a retail and wholesale center of southwest China. The retail industry of Chongqing is very competitive and is currently dominated by domestic retailers, such as Longhu Real Estate. Chongqing Department Stores Company Limited acquired New Century Department Stores in 2010, making its market share in Chongqing in terms of retail GFA ton par with Longhu Real Estate, estimated to be 12.8% and 11.8% of the city's total mid to high-end retail spaces respectively. Beicheng TianJie in Guanyingqiao and Paradise Walk in Yangjiaping are owned by Longhu Real Estate, and these two shopping centers are located in district level retail precincts with mid to high-end positioning. New Century Department Stores are located in every retail precinct with stores ranging from 16 – 40 thousand sq m GFA and with a mid-end positioning. Other reputable domestic retailers include Chongqing General Trading Group (who have both residential development and retail management arms) and Chongqing Sincere Holdings (Group) Co. Ltd., whose representative project is the newly opened Starlight 68.

The major foreign groups invested in Chongqing's mid to high-end retail market include CMA, Hutchison Whampoa Limited and the Wharf (Holdings) Limited. Metropolitan Plaza and Maison Mode are owned by Hutchison Whampoa Limited and Wharf (Holdings) Limited respectively, both being high-end retailers with top international luxury brands as tenants.

The international players dominate the luxury retail market in Chongqing, although the market share is not as big as the domestic players in term of total retail space.

CMA currently has two retail projects in Chongqing: CapitaMall Jiulongpo and CapitaMall Shapingba, in Yangjiaping retail precinct and Shapingba retail precinct respectively, the positioning of which is more focused on providing a comfortable shopping environment for local residents in Chongqing.

Retail Market Supply and Market Performance

Existing Retail Stock

By the end of Q2 2011, there was approx. 1.8 mill sq m of mid to high-end retail space in Chongqing. Liberation Monument retail precinct used to hold the largest area of mid to high-end retail space in Chongqing, accounting for 36.2% and 23.5% of total stock in the city in 2005 and Q2 2011 respectively. Guanyingqiao retail precinct became the largest in terms of total stock in 2009, holding 25.8% of total stock in the city by the end of Q2 2011.

At the end of 2010, Chongqing has 18 shopping malls⁶ of various standards, supplying a total shopping mall GFA of 1.5 mill sq m. This gives a shopping mall per capita of 0.05 sq m/person, which is comparable with other second tier cities⁷, but significantly below that of first tier cities in China, indicating the underdevelopment of the shopping mall as a retail type in the city. In terms of positioning of the shopping malls, approximately 64.0% are of mid-end and only 8.0% are of high-end, reflecting a huge market gap in higher end retail products.

Liberation Monument and Guanyingqiao retail precincts are expected to receive a majority of new mid to high-end retail supply (approx. 50.0% of total new supply over the next 3 years) in the next 3 years, accompanied by a rapid growth in retail space supply in outer suburbs, in particular, in Nanping (planned to have a large expansion to the original retail precinct due to the redevelopment of the district) and Yangjiaping (well served by road infrastructure such as E-Gong-Yan Suspension Bridge and light rail).

⁶ Multi-storey shopping malls with GFA of 10,000 sq m or above.

⁷ Other key second tier cities refer to Chengdu, Xian and Wuhan only.

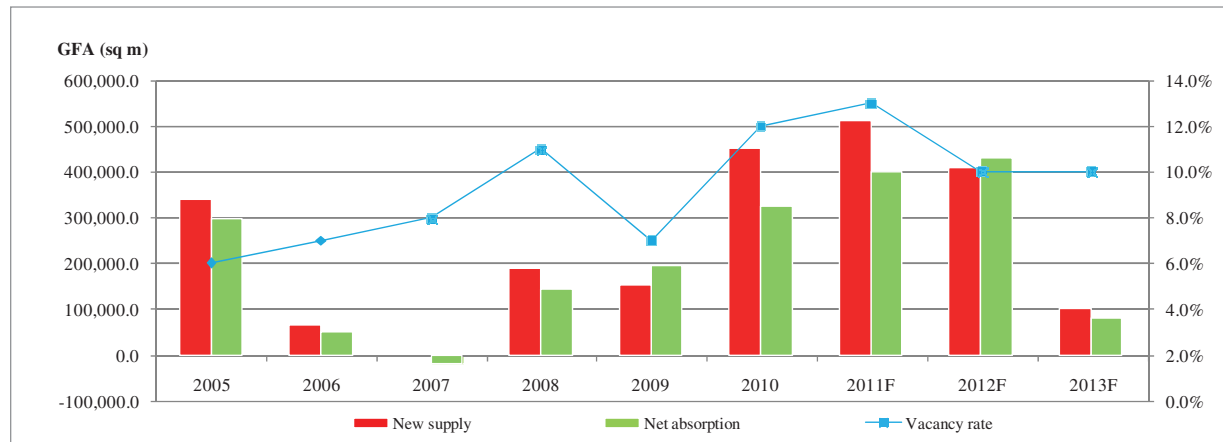
The retail projects located in Nanping, Yangjiaping and Shapingba retail precincts are mostly targeted at local resident’s shopping needs. Rapid urbanisation has contributed to the expansion of the city’s economy and disposable income, leading to more retail demand and opportunities in these suburban retail districts.

A total of approximately 450,000 sq m of new retail supply entered the retail market in 2010, representing a YOY increase of 33.6% in total retail stock which is the highest annual growth rate since 2008. Supply of mid to high-end retail space will continue to expand in 2011 (estimated to reach approximately 510,000 sq m by end of 2011) as a result of the continued expansion of Chongqing’s economy, and developers capitalising on the market gap in mid to high-end retail projects in newer retail precincts such as Nanping and Shapingba.

Supply, Demand and Occupancy

New supply peaked in 2008, with 1.1 million sq m of new mid to high-end shopping mall space entering the market. This new supply was met by a strong demand of 940,000 sq m despite the impact of the financial crisis in the second half of 2008. Both new supply and demand in 2009 have fallen from that of 2008 but they have quickly bounced back in 2010, with most new stock being absorbed in the year of completion, showing an overall positive market environment.

Supply⁸, Demand and Vacancy



Source: DTZ Consulting, August 2011.

Annual supply peaked in 2010 due to a) completion of new retail space from the on-going refurbishment projects in Liberation Monument district, and b) the continued expansion of local economy that brings large scale and relatively high-end mixed use projects in key districts. These mixed use projects usually entail a retail podium, boosting the retail stock in the city. The record supply of retail space (450,000 sq m) released in 2010 was met by a strong take up, which is at a historic high level of 323,650 sq m.

Quality of the retail development is important in Chongqing. For example, Chongqing’s retail market encountered a negative take up of space in 2007. This shortfall in demand was partly due to the relatively poor design and quality of some prime retail developments in the core urban retail district (Liberation Monument) such as Maison Mode and Maoye Department Store, which led to their closing down for redevelopment. This is reflected in the remarkable rebound in demand in 2008, when new retail supply came onto the market which was rapidly absorbed by the market. New supply in 2008 was concentrated

⁸ Future supply in 2011 and 2012 based on public announcements and estimations from land transaction records.

in Yangjiping retail district, including the opening of Paradise Walk and Grand Ocean Department Store. This shows that there is a strong demand for new and good quality retail space in Chongqing. Competition in the mid to high-end retail market is intense in the core urban retail area, with demand strongest for high quality retail projects with optimal positioning.

In terms of future supply, another 1.0 million sq m of mid to high-end retail space is expected to enter the market over the next 3 years, boosting the city’s total mid to high-end retail stock to 2.8 million sq m by the end of 2013, which is a 57.1% increase in total compared to the end of 2010. The new supply over the next few years will be more evenly distributed across the retail precincts.

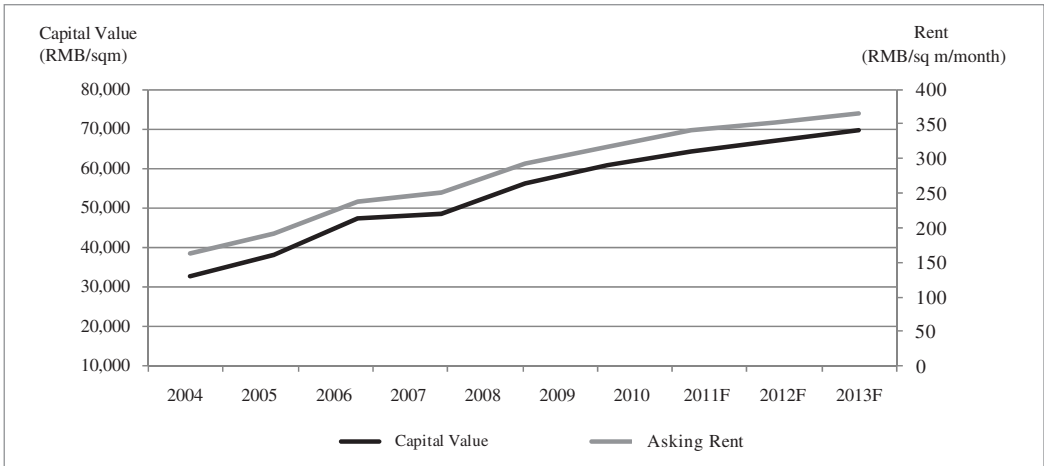
Rental Values, Capital Values and Investment Yields

Mid to high-end retail market in Chongqing comprises department store and shopping mall, and their rental level and growth trend are quite different, with shopping malls enjoying both a higher rent level and rental growth rate than department stores. This suggests that shopping mall has now become the preferred retail format in the city.

Shopping mall rentals in Chongqing have been experiencing a CAGR of over 13.7% between 2005 and 2010, peaking with a rental growth rate of 24.7% in 2007 before gradually slowing down to 5.9% in 2008 and rising at a double digit (15.9%) again in 2009 reflecting the robust retail market in Chongqing against the global financial crisis before slowing down to 3.2% in 2010. This drop is due to the emergence of new mid to high-end retailers in district level precincts such as Yangjiaping and Shapingba which have relatively lower rent, especially in Yangjiaping, therefore pulling down the average rental across the city. Rents for shopping malls continued to increase in the first half of 2011, reaching RMB324.5/month by end of June 2011).

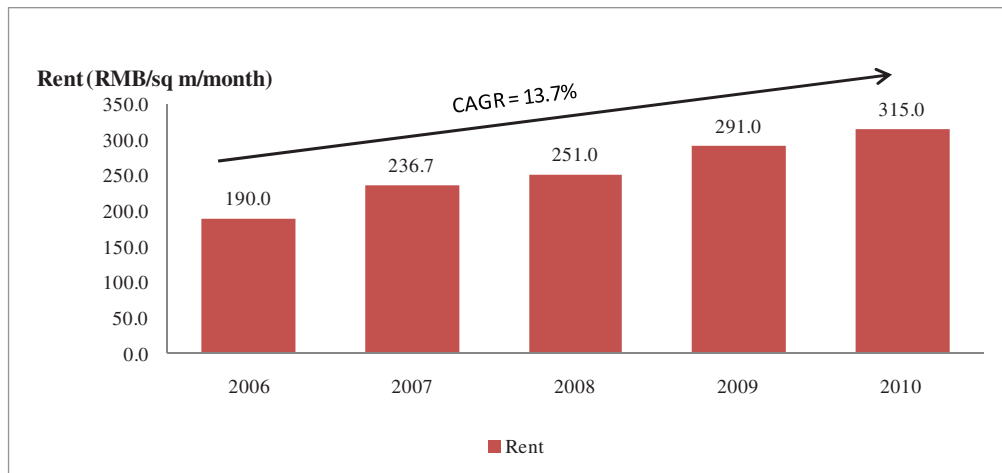
Given the demand for high quality shopping mall space in Chongqing, rental for shopping mall should continue to grow at a rapid rate in the coming three years due to the overall economic environment and positive outlook on retail sales.

Average Rental Value Forecasts



Source: DTZ Consulting, August 2011.

Rental Growth Rate



Source: National Bureau of Statistics of China, DTZ Consulting, February 2011.

Capital value of shopping mall is expected to increase steadily in the coming few years due to the robust demand for high quality retail space, especially in new districts.

Yields on retail investment were relatively high before 2009, but fell due to the global financial crisis and surge in supply. However, yields will continue to fall despite a recovery in rental rate from 2010 onwards as capital value growth rate is expected to outperform that of rental due to limited supply of retail property (especially projects in core retail precincts) in the coming few years.

Retail Market Outlook

Despite the global economic crisis in 2008, Chongqing's economy had remained strong. This, together with strong support and incentives from the government to transform the city into the western region's economic, trade, and financial centre, Chongqing's economy, disposable income and retail spending should continue to grow rapidly. The redevelopment and expansion of new district level retail precincts will provide opportunities for developers in the mid to high-end retail market.

In summary, the economic fundamentals in Chongqing remain positive and the following are the key demand drivers for retail market growth in Chongqing in the coming 2 – 3 years:

- Chongqing has a large population base of 28.9 million and sustaining economic growth through encouraging domestic consumption is the key priority for the city's government. Local government has taken steps to subsidise further public housing projects and provide incentives for new businesses, aiming to free up more money for people to consume and drive the economy. This would mean more people living in suburban areas with money to spend to support existing and new retail projects, and hence shopping malls serving the local communities would benefit most.
- Redevelopment of traditional industrial districts into community districts will increase the urbanisation rate and the retail customer base and therefore will be a key demand driver for new mid to high-end shopping mall space in Chongqing for the coming 5 years.
- Steady rise in per capita disposable income will lead to an increase in demand for luxury products which will be a key driver underpinning demand for high-end retail space in core districts.
- Chongqing's economy is very strong and retail expenditure has not been deterred by the global financial crisis in 2008. In addition, government incentives to support the development of Chongqing are expected to provide developers and investors with huge confidence in Chongqing's future retail market development.

CHENGDU CITY OVERVIEW**City Description**

Chengdu, the capital of Sichuan province is the strongest regional economy in western China after Chongqing and one of the most important commercial, financial, and logistical centers in inland China. Under the government's latest development strategy, Chengdu will lead surrounding cities to become the largest metropolitan cluster in China's interior. Chengdu is an attractive investment destination for foreign investors due to its low labor cost, government support and increasingly high quality infrastructure and other business-support structures. The city is also a base for high-tech emerging industries, traditional manufacturing and financial services, and has a reputation for a high quality of life.

Economic Background and Outlook***Chengdu's Key Economic Indicators***

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	13.5	13.8	15.3	12.1	14.7	15
FDI ¹ (USD 100 million)	5.6	7.6	11.4	22.5	28	48.6
FDI Growth (%)	67.2	36.8	49.9	97.7	24.4	73.6
Retail Sales of Consumer						
Goods (RMB100 million)	1,005.9	1,155.3	1,357.2	1,621.9	1,950.0	2,417.6
Retail Sales Growth (%)	14.2	14.9	17.5	19.5	20.2	24.0
CPI (%)	2.3	1.8	5.2	4.3	0.3	3.0

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

Gross Domestic Product (GDP)

Chengdu has been one of the most impressive Chinese cities in terms of real GDP growth over the past several years. GDP has comfortably maintained double digit rates of growth over the past few years despite a very mild slowdown in growth resulting from the global financial crisis in 2008, and GDP growth picked up again in 2009 and 2010. With the Central Government's support and a large urban population base to draw from, there is still much potential for future growth.

Key Economic Sectors

The main industries in Chengdu are food processing, pharmaceuticals, machinery and information technology. Manufacturing is becoming increasingly sophisticated with focus placed on automobiles, aviation and military hardware. In terms of the I.T. and electronics industries, Chengdu has long been established as a national base because of its low labour cost and high levels of government support. Finally it must be noted that finance is an emerging sector for both international and domestic firms as west China becomes increasingly attractive to the industry.

Foreign Direct Investment (FDI)

Reaffirming Chengdu's place as one of the most popular investment destinations in China, FDI has grown exponentially over the past six years. In 2005, FDI into Chengdu was only USD 555.6 million, but this amount has grown almost four-fold to reach USD 2.3 billion in 2008, in spite of international financial instability during the period, in the past twelve months FDI has more than doubled again to reach USD 4.9 billion in 2010.

¹ Total Actual FDI.

In the long run, Chongqing would be able to absorb more foreign capital with the setting up of the National Pilot Area, as well as the establishment of Lianglucuntan Bonded Port Zone. These policies, coupled with the continued inflow of FDI, will reaffirm the status of Chongqing as an important economic, trade, and financial centre of the western China.

Consumer Price Index (CPI)

The inflation environment in Chengdu has been relatively benign for such a rapidly developing city. During the period between 2005 and 2006 the inflation rate recorded was within a comfortable range of 1.8% to 3.9% despite the rapid growth experienced and wage pressures. In 2007 the rate increased to 5.2%, but this has since reverted back to a more manageable level of 3.0% in 2010.

Retail Sales of Consumer Goods

Compared to the rapid growth rates seen in FDI and GDP, growth rates in retail sales growth had been rising at a relatively moderate rate until 2010, when retail sales of consumer goods rose by 24.0% YOY. Retail sales of consumer goods are expected to continue to grow at a rapid rate due to the growing purchasing power of Chengdu's emerging middle class and the Central Government's current policy of expanding domestic consumption demand.

Economic Outlook

Chengdu, along with other inland provinces, has not suffered from the economic downturn as much as the coastal cities due to their relative lesser integration with the global economy. There is still an over reliance on government spending and foreign investment in Chengdu, although the government is now taking steps to boost downstream industries and the tertiary sector. Local wages and the population of the urban centre are anticipated to continue to grow, which present opportunities for more retail operators, although there is still some way to go before Chengdu will require the same amount of high-end retail space found in first tier cities.

Demographics Conditions and Outlook

Chengdu's Key Demographic Information²

	2005	2006	2007	2008	2009	2010
Total Population ('000)	10,820	11,034	11,122	11,250	11,396	14,048
Population Growth (%)	2.1	2	0.8	1.2	1.3	23.3
Unemployment Rate ³ (%)	3	2.8	3	3.1	3	3
Per Capita Disposable Income of Urban Households (RMB)	11,358	12,789	14,849	16,943	18,659	19,920
Per Capita Disposable Income Growth (%)	9.3	12.6	16.1	14.1	10.1	6.8
Per Capita Consumption Expenditure Of Urban Households (RMB)	9,642	10,302	11,703	12,850	14,088	–
Per Capita Consumption Expenditure Growth (%)	14.2	14.9	17.5	19.5	20.2	24
Urbanisation Rate (%)	50.3	51.8	53.5	54.4	55.2	–

Source: National Bureau of Statistics of China and DTZ Consulting, August 2011.

² Official data is not yet available for 2010.

³ Registered urban unemployment rate.

Population

According to the latest census conducted in 2010, Chengdu has a total population of around 14.0 million in 2010, representing a growth of 29.8% over the past six years. As the most developed city in western China, Chengdu attracts many migrants from this hinterland and other Chinese regions, who are not necessarily registered in the city population. The urbanisation rate of Chengdu has increased steadily over the past few years, but the current rate is still relatively low compared to first tier cities.

Per Capita Income and Consumption Expenditure of Urban Households

Chengdu's per capita disposable income of urban households has grown steadily over the past few years, with current level still a long way behind first tier cities. However, rapid economic growth is supporting a growing urban middle class and the income level has grown significantly by 75.3% from RMB11,358 in 2005 to RMB19,920 in 2010, a growth rate which is typical of an economy at a very dynamic stage of its growth.

On average, Chengdu residents spent some 79.1% of their disposable income, a higher rate than some first tier cities such as Shanghai and Shenzhen. Meanwhile, per capita consumption expenditure of urban households in Chengdu has been rising steadily over the past 4 years. The per capita consumption expenditure rose by 46.1% from RMB9,642 in 2005 to RMB14,088 in 2009.

Key Players and Competitors

Chengdu has a predominance of local and domestic retail developers with a small, but growing, international presence. However in the mid to high-end retail segment, international projects make up a significant share of the market. In this respect, Chengdu is more open to international retail development than some other second tier cities, but still slightly behind the first tier city. Looking ahead, there are more opportunities in such second tier cities, as the first tier cities are often running short of premium retail locations.

The bulk of the international retail developers which have entered Chengdu are Asian in origin, such as Singapore's CMA, Yanlord Land, Thailand's Parkson, Philippine's SM group, Taiwan's Chicony, Japan's Isetan and Hong Kong's Wharf Holdings and Sino Group. These developers often have good experience in China and bring with them solid international and domestic experience. On the local front, there are many large domestic developers such as Wanda, Dadi group, Shenzhen Maoye and Longfor Group, which usually have a better track record of quality retail development than the local Chengdu developers. Nonetheless some of the local players have started to improve their operations and developed fairly high-end projects, especially through joint-ventures.

No one developer holds a dominant position in the local retail market and this situation looks set to continue as the government fully realises the value of retail competition and variety. International brands will continue to look to enter this market with good growth expected in the industry and many new districts are expected to have good future potential.

CMA currently operates two projects in Chengdu: CapitaMall Jinniu and CapitaMall Shawan, both located in Huizhan district, a suburban area with a concentration of high-end residential apartments, reputable schools and universities, as well as many government buildings. These malls are positioned to support the everyday shopping needs of the local district customers. The market has high expectations for the opening of Raffles City Chengdu (a mixed use project with retail component managed by CMA) in first half of 2012 as the project is located in a prime location of Yanshikou retail precinct with a mature commercial environment and convenient access to a future subway station. The project is expected to become one of Chengdu's landmarks and improve CMA's reputation in the region.

Retail Market Supply and Market Performance

Existing Retail Stock

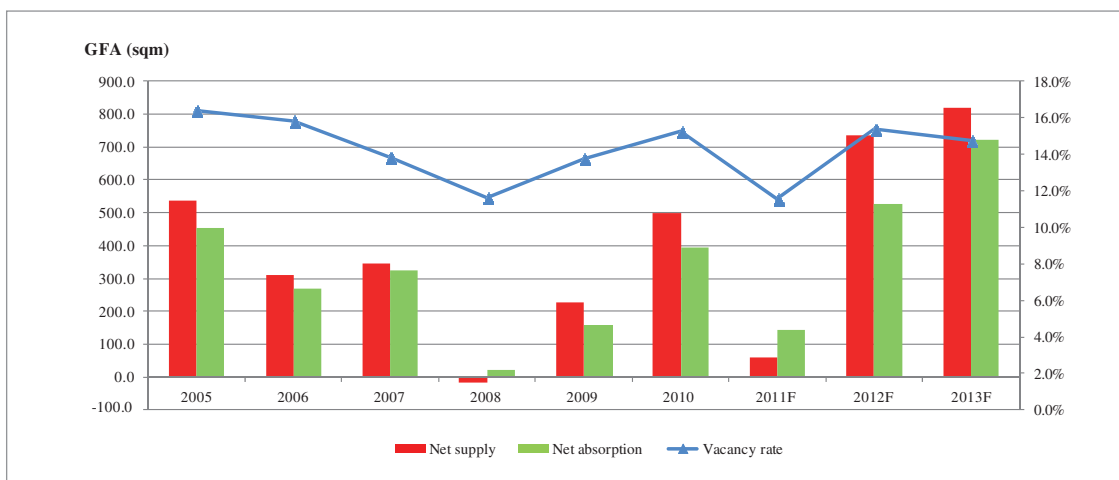
The opening of Yuan Dong Mall in first half of 2011 brings the city’s mid to high-end retail space to a total of approximately 2.5 million sqm. as of the end of June 2011, with the three city center precincts holding 1.4 million sq m (54.6%) and the suburban areas holding 1.1 million sq m (45.4%). Yanshikou has the most space with around 584,376 sq m, followed by Luoma City with 472,354 sq m and Chunxi Street with 302,591 sq m. There is a trend towards more projects in the suburban districts which is partly driven by government planning, population pressures and the scarcity of space in the centre of the city. Because the city is developing quickly, but the overall stock is still relatively small, developers are keenly watching developments in the outlying districts as they attempt to tap new sources of retail growth.

Chengdu’s retail market is still at an early stage of development with only three existing shopping malls, accounting for only a small portion of the total retail space in the city. The three existing shopping malls are all of mid to high-end and shopping mall space per capita is 0.03 sqm., significantly low than first tier cities, indicating a huge potential for shopping mall development in Chengdu.

Supply, Demand and Occupancy

In terms of future supply, there is an estimated 1.6 million sq m of mid to high-end retail supply scheduled to come onto the Chengdu market over the next three years, of which shopping malls will account for 1.3 million sq m or 83.4% of this new supply. Some of the new supply will enter the traditional retail precincts such as Yanshikou and Chunxi, representing about 32.0% of the total future supply, but the majority of the new space will be in decentralised suburban regions, in line with the trends seen earlier in the more economically developed eastern cities. New suburban district like Nanbu New Town will see particularly high levels of new supply, representing about 37.5% of the total future supply respectively.

Supply, Demand and Vacancy



Source: DTZ Consulting, August 2011.

As evident from the graph above, after a period of inactivity in 2008 due to the Sichuan Earthquake and global financial crisis, both supply and demand for retail space have bounced back in 2009 and 2010, with particular strong take-up in 2009 and 2010 despite the relatively high supply of new retail space that came onto the market in those years. This new retail space is mainly located in traditional retail districts (Luoma City and Chunxi Street).

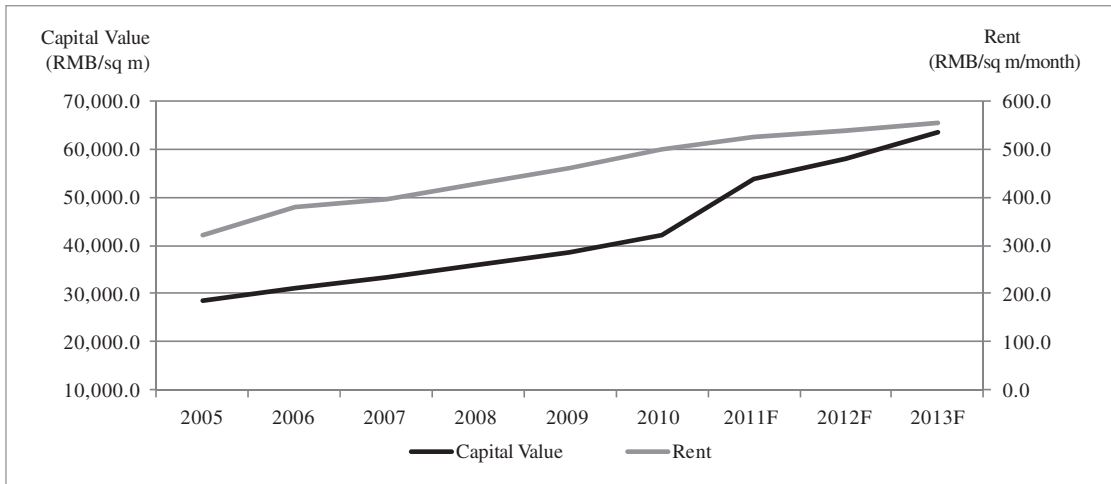
Looking further ahead, vacancy is expected to drop to a low of 11.6% in 2011 due to the lack of new supply in second half of 2011. The shortfall of supply in 2011 is the result of the low level of building commencements in 2008 due to the global financial crisis and Sichuan earthquake, which affected the new project completions in 2011, but substantial new retail supply will come on stream again in 2012 and 2013. Future demand should be premised on the long term growth in the urbanisation rate of Chengdu, with a healthy outlook for demand and vacancy.

Rental Values, Capital Values and Investment Yields

Shopping malls rents in Chengdu have increased rapidly with CAGR of 7.1% between 2005 and 2010, reaching RMB498.4 per sq m by 2010, and rent continued to edge up to RMB510.82/sq m/month by end of Q2 2011. New supply in well-located and optimally positioned malls will continue to outperform the market in general.

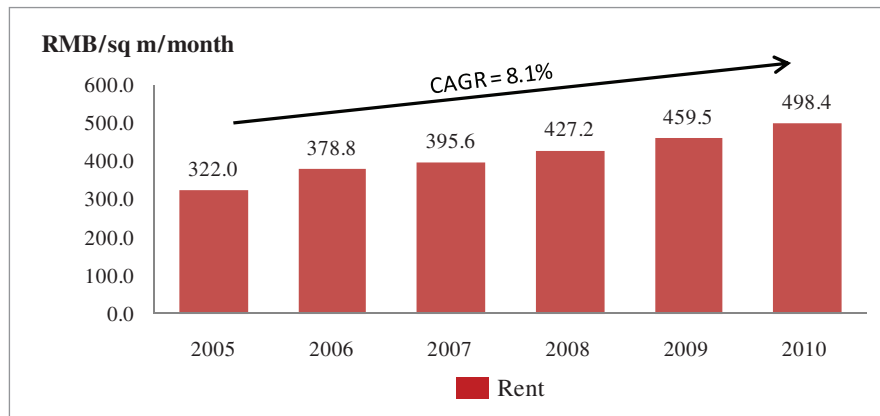
Over the next two years, shopping malls’ rent rates will grow slowly at a forecast of approximately 3.67% annual growth, due to a larger supply in suburban areas. At this stage, with more competition and an increasingly sophisticated consumer base, quality and positioning will become more important. One trend that is clear is the well located quality brand malls will continue to perform well in the market due to the mixed standard seen across Chengdu’s retail sector and the rapidly rising income levels of the local residents.

Rental and Capital Value Forecasts



Source: DTZ Consulting, August 2011.

Rental Growth Rate



Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Capital values of mid to high-end shopping mall have been rising in tandem with rental value for the past few years and has seen steady growth for the past years as a result of a continued shift in consumer preferences from department stores to shopping malls and a rising demand for better quality shopping malls in both the city center and suburban areas. It is anticipated that capital values will continue to rise steadily but at a faster rate in the coming few years due to an improving real estate market in Chengdu.

Retail Market Outlook

The Chinese government is in the process of stimulating domestic consumption through a series of fiscal and policy measures. This should have a positive effect on Chengdu which has large consumer spending potential based on its population and local wages growth. The mid to high-end retail market has rebounded over the past two years after the Sichuan earthquake and the financial crisis, future prospects are promising with more foreign developers entering the market and a more decentralized retail scene emerging, with the emergence of quality retail precincts in suburban areas.

- Infrastructure upgrading and spending by the government should better integrate Chengdu's surrounding areas and suburbs, which will expand its catchment of middle class consumers. In addition this spending will help to further boost the economy over the medium term.
- The Central Government's 'Go West' policy, while mainly directed at raising incomes in less developed cities, will also benefit Chengdu, which will be boosted by better accessibility with the surrounding area, while at the same time strengthening Chengdu's relative position in China. FDI is expected to be boosted and directed to Chengdu and the surrounding western cities, hence, further improving development of the region.
- Policy shift towards service and high tech industries will bring in more professionals who will increase the overall wage level and also attract foreign firms looking to take advantage of Chengdu's low operating costs.
- There is a huge potential consumer base, and retail spending growth is expected to outpace growth rates in first tier cities, although from a lower base, as the city catches up with eastern China.

XIAN CITY OVERVIEW

City Description

Xian is the capital of Shaanxi Province and the most important city in northwest China. While the city has had a very strong industrial sector for many decades, it has become one of the most important cultural and educational centers of the central-northwest region since the 1990s, most notable including the city's high quality research and development facilities and the hosting of China's space exploration program.

Over the past decade, the local government has successfully encouraged companies to relocate to the city through the provision of tax and other incentives. In particular, the local government's incentives targeting the telecommunication and software sector have proved effective.

Transport infrastructure has improved remarkably in recent years. In particular, the new Zhengzhou-Xian high-speed rail opened in February 2010, which has greatly shortened the travel time between the two cities, reinforcing Xian's role as a key transportation node and strategic city for Central and Northwest China.

Economic Background and Outlook

Xian's Key Economic Indicators

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	13.1	13.0	14.6	15.6	14.5	14.5
FDI ¹ (USD 100 million)	5.7	8.3	11.2	11.5	12.2	15.8
FDI Growth (%)	7.0	44.4	35.3	2.8	6.2	22.3
Retail Sales of Consumer Goods (RMB100 million)	666.5	776.2	921.6	1,154.3	1,381.1	1,544.2
Retail Sales Growth (%)	15.2	16.4	18.7	25.3	19.7	19.2
CPI (%)	0.3	1.6	4.7	6.0	-0.3	3.5

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Gross Domestic Product (GDP)

Xian has experienced strong growth over the past 6 years. Largely unaffected by the global financial crisis, real GDP growth rate has been consistently above 13% and reached a 15-year high of 15.6% in 2008. The growth is driven by the development of both the secondary and tertiary industries, which have increased by 14.4% and 15.1% respectively in 2009. GDP has maintained a high growth rate of 14.5% in 2010.

Key Economic Sectors

As the economy matures, tertiary sector has become more important, with the secondary and tertiary sectors now representing 41.0% and 50.0% of the total economy respectively. The major secondary industries in Xian include telecommunications and electronic products, pharmaceuticals, equipment manufacturing and food processing. In terms of tertiary industry, the financial sector is developing rapidly and income of the insurance sector has increased by over 20.0% in 2010.

¹ Total Contracted Value.

Foreign Direct Investment (FDI)

Xian is increasingly a major foreign investment destination. Over the past six years, FDI has grown dramatically by some 4.4 fold, reaching USD1.2 billion in 2009. FDI has grown rapidly in 2010 and the FDI recorded in Q1 – Q3 is already equivalent to the total amount of 2009.

Consumer Price Index (CPI)

The inflation environment in Xian has been relatively benign until 2007, when it rose by 3.1 percentage points to 4.7% and further increased to 6% in 2008. Although it fell back slightly in 2009 to a more manageable level, rapid development of the city is likely to continue the upward pressure on prices. In fact, CPI has risen again in 2010, reaching 3% by Q3.

Retail Sales of Consumer Goods

In keeping with the growth in GDP, strong domestic demand has seen retail sales maintain relatively strong growth throughout the period of the financial crisis. Retail sales growth has been rising steadily, at an impressive rate consistently above 16.5%, before increasing rapidly at 25.2% in 2008. Despite the government's effort to cool the economy to prevent runaway inflation, retail sales grew by 19.6% in 2009. This trend has continued to 2010 with an 18.9% growth rate being recorded by Q3 2010, YOY.

Economic Outlook

Xian has maintained a very high rate of growth in recent years, which has led to a significant rise in per capita disposable income. It is noteworthy that sales of clothing and jewellery have shown impressive performance, suggesting that the city's middle class is reaching a critical mass of residents with the capacity and desire to spend their income on more sophisticated retail products.

Demographics Conditions and Outlook**Xian's Key Demographic Information²**

	2005	2006	2007	2008	2009	2010
Total Population ('000)	8,069	8,230	8,305	8,375	8,435	8,467
Population Growth (%)	–	2.0	0.9	0.8	0.7	1.1
Unemployment Rate ³ (%)	4.3	4.3	4.3	4.2	4.3	4.2
Per Capita Disposable Income of Urban Households (RMB)	9,628	10,905	12,662	15,207	18,963	22,244
Per Capita Disposable Income Growth (%)	12.7	13.3	16.1	20.1	24.5	17.3
Urbanisation Rate (%)	37.2	–	66.1	67.5	68.9	–

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

² Official data for per capita consumption expenditure in urban households as well as some 2010 data not available.

³ Registered urban unemployment rate.

Population

Over the past 5 years, population growth in Xian was been relatively low, with growth primarily driven by the movement of individuals and households from the city's larger rural hinterland into the urbanised area. Currently the city has a population of around 8.5 million people. As the urbanisation rate in Xian is relatively high compared to other major developing cities, the population is likely to maintain a slow, but steady growth for the foreseeable future. The jump in the urbanisation rate in 2007 is largely due to administrative reclassification.

Per Capita Disposable Income in Urban Households

The per capita disposable income of urban households has grown at an increasing rate over the past 5 years. In particular, the growth rate has increased from 13.3% in 2006 to 24.7% in 2009. This solid growth pattern partly explains the strong internal demand supporting retail sales even in the period of financial crisis. By 2009, disposable income has reached RMB18,963.

Key Players and Competitors

Xian's retail market is currently dominated by local retail developers as the mid to high-end retail market is relatively young and immature. The first mid-end shopping mall only came onto the market from 2007, prior to that department stores were the only form of retail providing a one-stop-shop shopping experience.

In the mid to high-end retail segment, international retailers have begun to flood into the Xian in recent years, with a majority of those brands being mid to high-end such as Nike, L'Oréal, and Zara. However, luxury brands have also begun to have a strong presence in Xian including LV, Bally and Gucci. This is due to the significant growth of per capita disposable income which is comparable with other key second tier cities⁴ with a more mature retail market.

In terms of retail developers, there are currently only three reputable international retail developers doing business in Xian, namely Pinault Printemps-Redoute (a French-origin global retail business focused on luxury retail), Thailand's Parkson Group and Singapore's CMA. These developers are known as the frontiers in retail market development in second and third tier cities and their presence gives a good indicator of the development potential of the city's retail property market.

The current retail scene which is dominated by local developers, department stores and unorganised retail space will slowly change in the coming decade as shopping mall stock is set to increase on the back of growing interest from domestic and international developers seeking opportunities to enter the market due to the excellent growth expected in the industry.

CMA is currently developing one project in Xian, namely Xindicheng Mall Xi'an, located in the Hi-tech Zone retail district, which is a relatively newly established commercial area with a concentration of financial institutions. Upon opening, this shopping mall will serve the everyday retail needs of the local residents and users in this growing commercial district.

Retail Market Supply & Market Performance

Existing Retail Stock

By the end of Q2 2011, there was approx. 1.4 mill sq m of mid to high-end retail space in Xian, which is the smallest volume when compared with other key second tier cities. There will be huge development potential in the mid to high-end retail market in Xian considering the per capita disposable income level is comparable with the key second tier cities despite a slightly smaller population base.

⁴ The key second tier cities referred to in this report are Chongqing, Chengdu and Wuhan.

Shopping malls represents only a very small proportion of retail stock in Xian, and the average shopping mall space per capita between 2007-2010 is only 0.07 sq m, which is comparable with the key second tier cities, but significantly below that of first tier cities in China. This reflects the fact that shopping malls as a product class are at a very early development stage in the city with ample room for growth in the future.

It is anticipated that approximately 490,000 sq m (equivalent to 35.4% of existing stock) of new retail space will enter the market over the next three years, with these two retail precincts continuing to receive the majority of new retail supply (approx. 58.0% of total new supply over the next 3 years), accompanied by a rapid growth in future supply of retail space in outer suburbs.

Supply, Demand and Vacancy

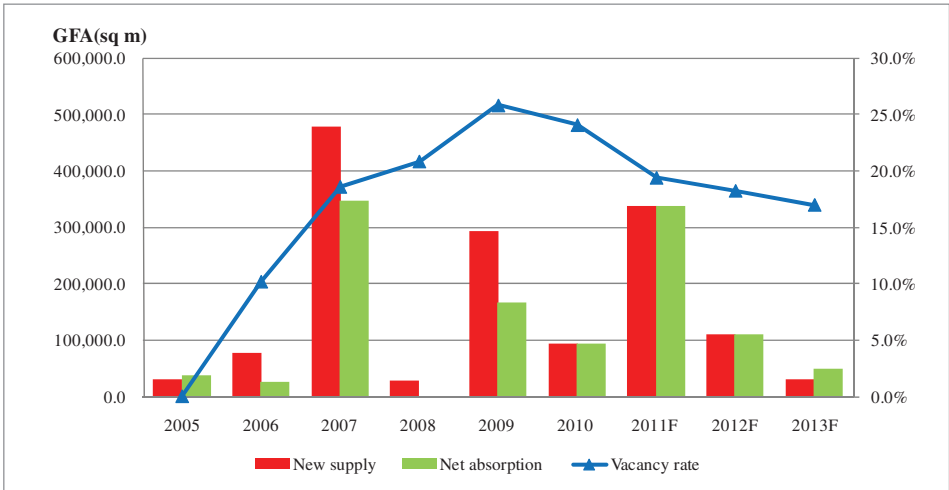
As the retail property market in other key second tier cities has become more developed, with increasing levels of specialisation and competition between malls, developers are continually looking for other opportunities for expansion in China and Xian is one of those preferred cities. This is primarily due to the huge development potential in the city considering the relative underdevelopment of its retail property market, as well as Xian’s per capita disposable income being comparable with other key second tier cities, or is even higher than that of Chongqing by RMB3,255 in 2009.

A total of approx. 293,000 sq m of new supply entered the retail market in 2010, representing a YOY increase of 22.4% in total retail stock. New supply peaked in 2007 with a net supply of 479,710 sq m entering the market in one year when the mid-end shopping malls first appeared in the market, including North-West Mart which has 260,000 sq m of GFA. This huge increase in supply was met by a historic high level of demand from retailers, showing strong interest in Xian’s retail property market.

Post the global financial crisis, the market rebounded in both supply and demand volume of retail space in the second half of 2009. City average vacancy remained high before beginning to fall in 2010, registering 24.1% in 2010. This relatively high vacancy is primarily due to tenants relocating from older retail stock which are generally of relatively poor design and quality into new better quality retail projects.

Given the huge development potential of Xian’s retail property market, it is anticipated that the upcoming retail projects will be met with strong demand and the city’s average vacancy rate will continue to fall in the coming three years despite the high levels of new supply.

Supply, Demand and Vacancy



Source: DTZ Consulting, August 2011.

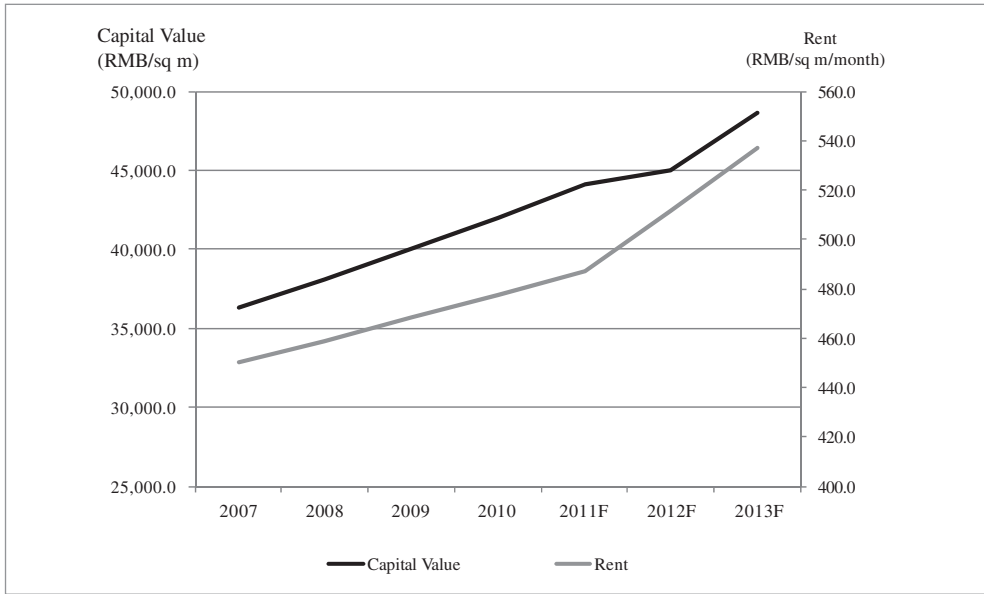
Rental Values and Capital Values

The retail market is relatively immature in Xian, with department’s stores being important contributors to the quality of the retail scene in the city. In analyzing the mid-high end retail market in Xian, one must factor both department stores and shopping malls despite their different rental level and growth trends. Shopping malls enjoy both a higher rent level and higher rental growth rate than department stores. These trends indicate that the retail scene in Xian is shifting, with shopping malls gradually becoming the preferred avenue for high-end retailing in the city.

With vacancy rates remaining relatively high, rental growth has been somewhat subdued, with shopping malls experiencing growth of just 2.0% per annum, and department stores, having growth of around 5.0%, down from the 8.0% prior to the opening of the first shopping malls in 2007. Shopping mall rents are much higher in absolute terms, which accounts, in part, for the lower growth rates. Rents of department stores are at a relatively high level when compared with other second tier cities.

In terms of capital value, Xian is the only city amongst other key second tier cities with the trend of department store having a higher capital value than shopping mall. Given the lower rentals achieved by department stores, this fact suggests that the capital values of department stores reflects the potential of the site for renovation to more profitable land uses, based on the locational advantages of the sites they occupy.

Capital Value and Rental Value Forecasts



Source: DTZ Consulting, August 2011.

Retail Market Outlook

Xian’s retail property market has entered a new era since 2007 when the first shopping mall entered the market. A combination of various factors including improved economy and continued rise in disposable income will attract more domestic and international retail developers into the market. It is expected that newer and better quality retail space will meet with a strong demand from the market and existing older stock will face tremendous competition or even be forced into redevelopment or closure. As a “young” retail market, there is a high potential for investment and development over the next few years given the strong demand and the scarcity of good quality high-end retail space.

In summary, the economic fundamentals in Xian remain positive and the following are the key demand drivers for retail market growth in the city in the coming 2 – 3 years:

- Developers are continuing to look for opportunities to expand their portfolio in second tier cities which have ample room for growth. As Xian's retail market is in the developing stage and some high-end retailers have already established there, investors will have more confidence in the future outlook of Xian's retail market.
- Steady rise in per capita disposable income will lead to an increase in demand for luxury products which will be a key driver underpinning demand for mid to high-end retail space in core districts.
- Continued expansion of catchment size and coverage through continued improvement in public transport infrastructure such as metro, as well as urbanisation. According to the 12th Five-Year Plan, the city will transform into a metropolitan city with a total population reaching 10.0 million by 2020.

WUHAN CITY OVERVIEW

City Description

Wuhan is the capital of Hubei province, and is the most populous city in Central China. Due to its central location in China and a well developed transportation system including the opening of the high-speed rail network, the city is now within five hours reach from other major cities such as Beijing, Shanghai, Guangzhou and Chengdu.

The industrial sector has always been a very significant part of Wuhan's economy, with the number of international and local companies growing rapidly in recent years. Its major industries include automobile manufacturing, steel manufacturing, fiber-optics, pharmaceuticals sector and environmental technologies.

Economic Background and Outlook

*Wuhan's Key Economic Indicators*¹

	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	14.7	14.8	15.6	15.1	13.7	14.7
FDI ² (USD 100 million)	13.4	15.1	17.0	19.4	21.7	–
FDI Growth (%)	15.4	12.8	12.4	14.2	12.1	–
Retail Sales of Consumer						
Goods (RMB100 million)	1,128.6	1,293.3	1,518.3	1,850.1	2,164.1	2,523.2
Retail Sales Growth (%)	13.3	14.6	17.4	21.9	17	19.5
CPI (%)	2.7	1.4	4.1	5.7	–0.6	3.0

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Since 2005, Wuhan's real GDP has been growing at a rate of 13.7% or above. Even during the financial crisis in 2008, the rate of growth remained 15.1%. It has then decreased to 13.7% in 2009, mainly as a result of the Government's effort in controlling inflation, which peaked in 2008. Real GDP growth rate picked up to 14.7% in 2011 reflecting the continued economic emergence of the city.

¹ Official data not yet available for 2010.

² Total Contracted Value.

Key Economic Sectors

Wuhan's economy is dominated by the tertiary industry, which accounts for 51.0% of total economic activity in 2010. The major industries are wholesale and retail industry, financial services sector and transportation and logistics. Wuhan's manufacturing sector represents 45.9% of the total economy and is growing rapidly at a rate of 17.8%, as manufacturers facing human resources constraints and rising factor input prices in the coastal cities look to inland cities with good transport and logistics linkages as new production centres.

Foreign Direct Investment (FDI)

FDI in Wuhan has been growing steadily at about 13.4% over the past few years. By 2009, FDI had increased to USD2.17 billion. As Wuhan was one of the early destinations open to foreign investment, the absolute level of FDI is large compared to many other inland cities, but the rate of growth is considerably slower. With its strategic location in central China, FDI is likely to increase further, particularly as the city benefits from the relocation of certain manufacturing process away from more developed coastal regions.

Consumer Price Index (CPI)

Inflation in Wuhan started increasing since 2007 and has risen significantly to 5.7% in 2008. This was mainly due to a significant jump in food prices of 14.1%. The slow down associated with the global financial crisis has suppressed the price level and cut inflation down to -0.6% in 2009, but the price level of food products continued to rise to 3.0% in 2010 in line with the national trend.

Retail Sales of Consumer Goods

Retail sales in Wuhan have been growing at a rapid rate, averaging 18.2% since 2006. By the end of 2010, retail sales have reached RMB252.3 billion, representing a 16.6% YOY change. Compared to other key second tier cities³, Wuhan has a much higher retail sales owing to its more mature retail market and the city's broad, and relatively well-off, hinterland.

Economic Outlook

The fall in export revenue as a result of the downturn during the global financial crisis did not impact Wuhan very significantly, as the city's manufacturing industry is more geared towards producing for the domestic market. Wuhan is geographically located in the centre of the most densely populated parts of China and its locational advantage will be further enhanced as the high-speed rail network extends and it is anticipated that retail industry in Wuhan will experience even stronger growth in the near future.

³ Key Tier 2 cities in this report refer to Chongqing, Chengdu and Xian.

⁴ Registered urban unemployment rate

Demographics Conditions and Outlook*Wuhan's Key Demographic Information*

	2005	2006	2007	2008	2009	2010
Total Population ('000)	8,580	8,580	8,910	8,970	9,100	9,785
Population Growth (%)	–	–	3.8	0.7	1.4	7.5
Unemployment Rate ⁴ (%)	4.2	4.1	4.2	4.2	4.2	4.1
Per Capita Disposable Income of Urban Households (RMB)	10,850	12,360	14,358	16,712	18,385	20,806
Per Capita Disposable Income Growth (%)	13.4	13.9	16.2	16.4	10.0	13.2
Per Capita Consumption Expenditure of Urban Households (RMB)	8,235	9,182	10,600	11,433	12,710	14,490
Per Capita Consumption Expenditure Growth (%)	5.7	11.5	15.4	7.9	11.2	14.0
Urbanisation Rate	62.8	63.4	64.4	64.5	64.8	65.7

Source: National Bureau of Statistics of China, DTZ Consulting, August 2011.

Population

Total population in Wuhan has increased from 8.6 million in 2005 to 9.8 million in 2010, which translates to a 14.0% growth over the period. This relatively high level of population growth shows the city's attractiveness to internal migrants as a relatively developed city, providing a range of employment options and affordable housing.

Per Capita Income and Consumption Expenditure of Urban Households

Wuhan's per capita disposable income has been increasing at an annualised rate of about 13.9%. After a mild slow down in 2009 to a still very enviable growth rate of 10.0% due to the global financial crisis, the growth rate has increased back to 13.2% in 2010. By 2010, disposable income has exceeded RMB20,000.

On average, Wuhan residents spend more than 70.0% of their disposable income, broadly in line with the national average. Consumption expenditure rose by 76% from RMB8,234 in 2004 to RMB14,490 in 2010, some distance from first tier cities. The growth somewhat slowed down in 2009 but has then bounced back to 14.2% in 2010. In particular, spending on clothing has increased significantly by 21.9%, suggesting that spending on food and essentials is falling, in line with the move towards middle income status.

Key Players and Competitors

Wuhan's retail market is currently dominated by local retail developers with mid-end projects as the mid to high-end retail market is relatively young and immature. The leading local retail developers include Wushang Group, Wuhan Zhongnan Commercial Group, Wuhan Hanshang Group, Ltd, Wuhan Zhongbai Group and leading domestic retail developers include Dalian Wanda Group, Beijing Wangfujing Department Store, Ricacorp Real Estate. Leading international retail developers include New World Development and the Taiwan Ocean Department Store Group.

Although several international retail developers have already entered the Wuhan market, there are only a few retail projects that include luxury brands among their key tenants. Wuhan is a potentially undervalued market, with significant upside potential given the surge in the number of domestic and international developers as well as international and luxury brands seeking opportunities to enter the market.

CMA currently has one project in Wuhan, namely Zhongshan Mall, which is currently under construction. It is located in Qiaokou District with excellent transportation infrastructure and has limited comparable retail projects within the same broad retail catchment. It is expected that this shopping mall will serve the local residents and users in this fast growing district.

Retail Market Supply & Market Performance

Existing Retail Stock

By the end of Q2 2011, there was approx. 1.9 mill sq m of mid to high-end retail space in Wuhan, with 35.6% of the stock being located within the urban core retail precincts. With the exception of Jiedaokou business district and Zhongjiacun business district which contain the least stock, the other retail districts have broadly the same level of total stock at end of Q2 2011.

At the end of Q2 2010, there are a total of seven shopping malls of all standards in Wuhan, providing a total of 847,388 sq m of retail space. This gives a shopping mall per capita of 0.09sq m per capita for the city in 2010. Apart from Xinjiali Fashion Plaza, a high-end project which launched in 2008, all the other six retail projects are considered mid-end. This highlights the underdevelopment and growth potential of the mid to high-end retail property market in the city in light of the relatively high level of disposable income.

Supply, Demand and Vacancy

As the retail property market in other key second tier cities⁵ become more competitive, developers are continually looking for other opportunities to expand in China and Wuhan is a preferred investment destination, with the construction of mass transit infrastructure, including high speed rail; inter-city rail; light rail; as well as the metro system changing the dynamics of retail catchments and providing opportunities for quality developers. Infrastructure enhancements will further improve accessibility and facilitate people's movement to and from the city, thereby enlarging the potential retail catchment area to an even wider hinterland.

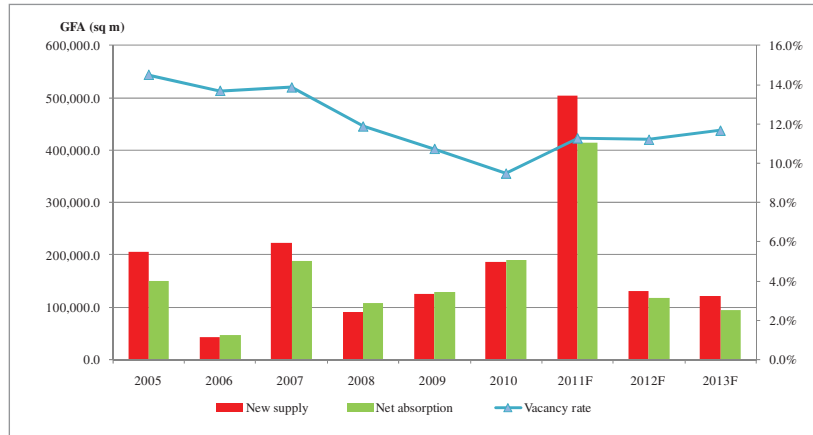
A total of approx. 186,000 sq m of new supply entered the retail market in 2010, representing a YOY increase of 48.8% in total retail stock. New supply peaked in 2007 with a net supply of 222,000 sq m entering the market in that year. This huge increase in supply was met by a historic high level of demand from the retailers, showing the strong interest from end users of retail property.

Wuhan's retail market remained strong in 2008 and 2009 and has not been affected by the global financial crisis. This is reflected in a situation where demand has exceeded supply from 2008 and which has continued into 2010. City average vacancy has fallen rapidly from 2007 as a result, registering 9.5% as at end of 2010, which is the lowest level recorded since 2005.

Considering the huge development potential of Wuhan's retail property market, it is anticipated that the upcoming retail projects will be met with strong demand, although the high level of new supply (especially considering the approximately 0.5 million sq m of mid to high-end retail space coming into the market in the second half of 2011) will inevitably push the city's average vacancy up from the existing low level, in the short term.

⁵ Other key second tier cities in this section refer to Chongqing, Chengdu and Xian.

Supply, Demand and Vacancy



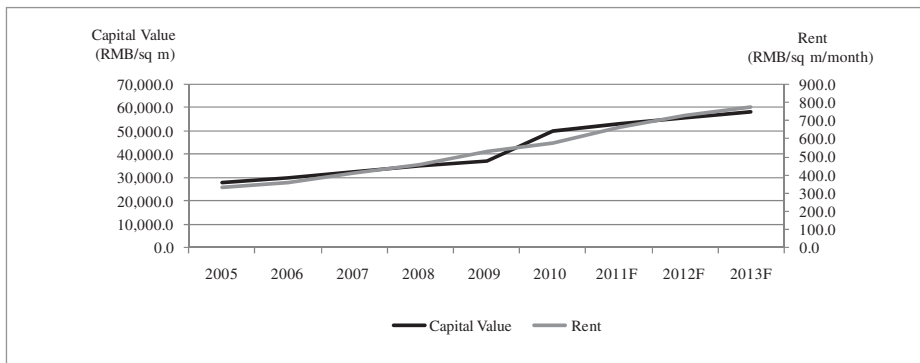
Source: DTZ Consulting, August 2011.

Rental Values and Capital Values

Similar to other second tier cities, Wuhan’s retail market is dominated by department stores, and an analysis of mid to high-end retail in such cities requires a consideration of this retail product. Nevertheless, shopping malls enjoy higher rent levels, with average monthly rents of RMB618.1 per sq m, compared with the rental level of RMB37.1 per sq m for department stores as at Q2 2011. As new and better quality shopping malls are expected to enter the market in the coming years, rental differentiation between shopping malls and department stores is expected to widen.

City average capital value remained at around RMB30,000 per sq m between 2005 and 2009, before rapidly rising to approximately RMB51,500 per sq m in Q2 2011 as a number of shopping malls of higher quality came on to the market, attracting significant investor interest. Capital values of department stores are generally lower than shopping centers although few transactions have been recorded.

Capital Value and Rental Value Forecasts



Source: DTZ Consulting, August 2011.

Retail Market Outlook

Wuhan’s retail property market is in its early days of development as the retail market is still dominated by local department stores. A combination of various factors including better regional integration via improved accessibility; a rapidly growing economy; and continued growth in disposable income will attract more domestic and international retail developers into the market. It is expected that newer and better quality retail space will enter the market and shopping malls will become more popular as customers become more sophisticated.

In summary, the economic fundamentals in Wuhan remain positive and the following are the key demand drivers for retail market growth in the city in the coming 2 – 3 years:

- Expansion of catchment population as a result of the further improvements in transportation infrastructures, which will increase the city’s accessibility with other parts of Central China, attracting their high and middle income class to consume in Wuhan. As a result, there will be a significant growth in demand for luxury products in Wuhan, leading to confidence of international luxury brands in the city’s retail property market.
- Steady rise in per capita disposable income will lead to an increase in demand for luxury products which will be a key driver underpinning demand for high-end retail space in core districts.
- An expected good economic prospect with rising GDP and retail sales of consumer goods, as well as a healthy property market development.

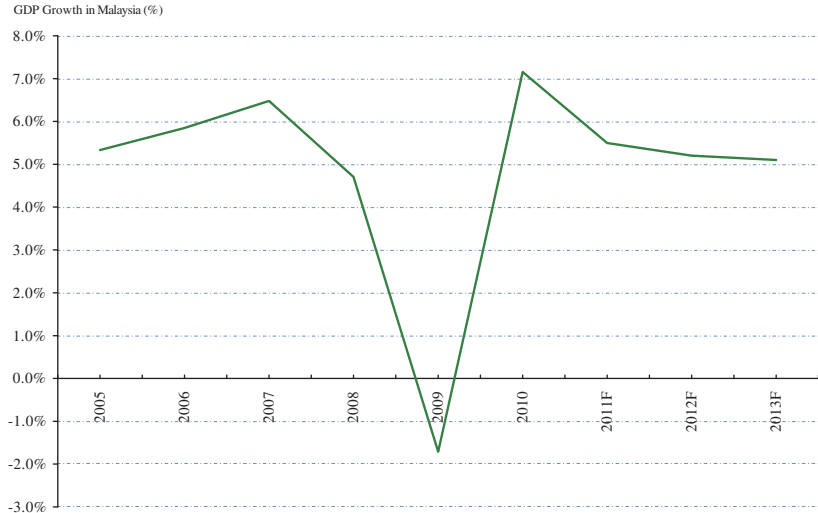
The development of shopping malls is at a very early stage in the city, but due to the mixed tenancy types, comfortable shopping environment and more efficient management and operation strategies, shopping mall should become a more popular concept. As consumers become more familiar with shopping malls, both demand and rent for shopping mall are expected to grow and it is anticipated that Wuhan will enter the shopping mall era within this decade.

MALAYSIA RETAIL INDUSTRY REPORT

ECONOMIC OVERVIEW

GDP Growth

As a heavily export oriented country, Malaysia was exposed to the slowdown in global trade during 2H2009, and full year 2009 GDP growth measured 1.7%. However, the economy bounced back during 2010, with a full-year growth measured at 7.2%. The GDP growth rate in Q1 2011 registered at 4.9% on the back of continuing support by strong domestic demand especially in private sector spending. However, the GDP growth rate recorded at 4.0% in Q2 2011 due to the weaker external economic conditions. The International Monetary Fund (IMF) estimates full-year 2011 GDP growth at 5.5% while also projecting GDP growth to be 5.2% and 5.1% respectively in 2012 and 2013.



Source: 2005 – 2010 (Department of Statistics).
2011 – 2012 (IMF World Economic Outlook Database April 2011).

Q1 2011 Consumer Price Index (CPI) growth was 2.8%, compared to the corresponding period in 2010 at 1.3% and full-year 2010 at 2.2%. The CPI increased 3.3% and 3.5% respectively in May and June 2011, due mainly to the increase in global commodity and food prices. The Malaysian Institute of Economic Research (MIER) estimates that the CPI is likely to peak at 3.8% in 2H 2011 with upside risks from indirect second round effects of the recent hikes on electricity tariffs and gas prices.

The Overnight Policy Rate (OPR) was left unchanged at 2.75% in Q1 2011. On 5 May 2011, Bank Negara Malaysia (BNM) raised the OPR to 3.00% to adjust the degree of monetary accommodation. The MIER is expecting another hike in the OPR by 25 basis points in 2H 2011. The Base Lending Rate (BLR) currently stands at 6.6%.

The employment situation in the country has been relatively stable as well, with 2010 unemployment recorded at 3.2% compared to 3.7% in 2009 and a range of 3.2-3.4% between 2004-2008. Going forward, the IMF projects unemployment to be 3.2% in 2011 and 3.1% in 2012.

Population

Based on the Population and Housing Census of Malaysia Report 2010, the total population in Malaysia stands at 28.3 million. The state of Selangor has the largest population in the country at 5.5 million, equivalent to 19.3% of the country's total population. Population in the country's capital city of Kuala Lumpur stands at about 1.7 million in 2010. The combined total population of the Klang Valley (Selangor and Kuala Lumpur) stands at 7.1 million. The population of Penang is 1.6 million, roughly 21.9% of that of the Klang Valley and 5.5% of the national total.

The average population per household in the country is 4.3 according to the Census 2010 from Department of Statistics Malaysia. Kuala Lumpur has an average population per household of 3.7 whilst Selangor and Penang have an average of 3.9 persons per household.

Monthly Household Income

The national mean gross monthly household income increased from RM2,472 in 1999 to RM4,025 in 2009 at a compounded annual growth rate (CAGR) of 5.0%. The mean gross monthly household income in Kuala Lumpur and Selangor was RM5,488 (1999 – 2009 CAGR 3.0%) and RM5,962 (4.9%), respectively, in 2009, while that for Penang was RM4,407, up at a CAGR of 4.1% since 2009.

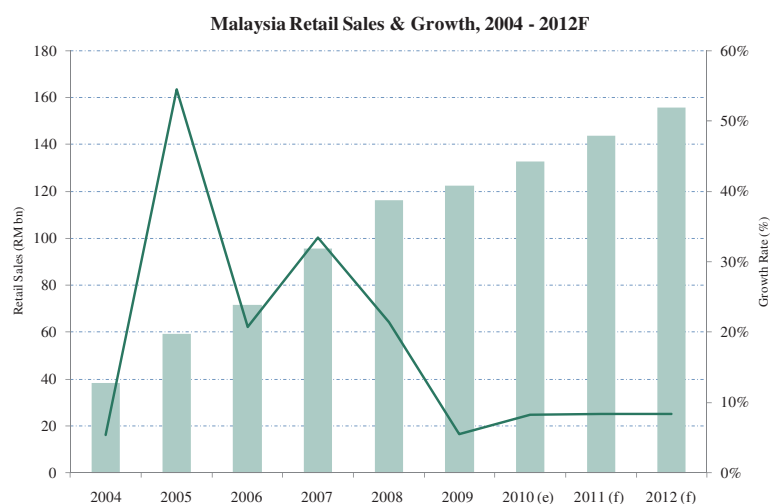
Tourist Arrivals and Spending

Tourist arrivals were reported at 24 million for 2010, up 1.7% from 2009 of 23.6 million whilst tourist receipt increased from RM53.4 million in 2009 to RM56.5 million in 2010. In February 2011, the Tourism Ministry Malaysia reported an expected increase to 25 million tourists visiting the country in 2011, with a projection tourism revenue of RM60 billion.

Going forward, tourism spending is projected to grow at a rate of 16.2% per annum to reach RM115.0 billion, as planned under the Tenth Malaysia Plan (10MP), a comprehensive roadmap prepared by the Economic Planning Unit (EPU) of the Prime Minister's Department and the Finance Ministry of Malaysia to allocate the national budget from the year 2011-2015 to all economic sectors in the country. The 10MP was announced on 10 June 2010 by the Prime Minister.

Retail Sales Growth

Year 2010 total retail trade sales value was estimated to be RM132.7 billion by the Department of Statistics, up 8.3% from 2009's 122.5 billion. The 10MP calls for annual retail sales growth of 8.30% during its five year period.

Malaysia: Retail Sales, 2004 – 2012f

Source: 2004-2010(e) (Department of Statistics)
2011-2012f (CBRE Research)

Note: (e) estimate (f) forecast

RETAIL MARKET OVERVIEW**Overall Malaysian Retail Market**

The Malaysian retail market performed strongly during the first seven months of 2011 and 2010 as it recovered from the weak demand that characterized 2009. A number of retailers opened new outlets or prepared plans to do so in 2011. High profile new entrants to the market included Japanese fast fashion brand UniqLo. It was also reported that Malaysian MasterCard holders spent US\$76.5 million equivalent to RM229.5 million in 909,518 transactions during the first weekend of the 1Malaysia Mega Sale Carnival (MMSC) from 17-19 June 2011, up 3.1% or US\$2.3 million compared with last year, of which a total of US\$68.4 million or RM205.2 million was spent in Malaysia. The spending trend is likely to continue given the number of public holidays, festivals and sale carnivals towards the end of the year.

The retail investment scene in 2010 was characterized by the launch of two Malaysia REITs (M-REITs) with significant retail assets in their portfolio namely SunREIT and CapitaMalls Malaysia Trust (CMMT), the purchase of two malls by ARA Asia Dragon and the evident interest shown in the sales process for Carrefour's 23 local outlets before the company announced it would not sell its local operations. This purchasing trend continued into 1H 2011 which saw further buying interests from M-REITs and foreign funds. The Putra Place consisting of a retail mall, hotel and office block in Kuala Lumpur was acquired by SunREIT for RM514 million, while the East Coast Mall in Kuantan was acquired by CMMT for RM310 million. It was also reported in May 2011 that Hong Kong-based Cheung Kong Group bought three shopping complexes (Klang Parade in Selangor, Ipoh Parade in Perak and Seremban Parade in Negeri Sembilan) from German-based TMW Asia Property Fund. TMW is managed by Pramerica, the real estate investment management business of Prudential Inc from the USA.

As of 1H 2011, the total retail stock in shopping centres, arcades and hypermarkets in Malaysia is 116.0 million sq.ft, according to the Valuation and Property Services Department, Ministry of Finance, Malaysia (JPPH). Of the total stock, 71.0% is located within shopping centres. Within Kuala Lumpur, 77.5% of all retail space is in shopping centres, compared to 59.9% in Selangor and 66.5% in Penang.

Additionally, JPPH estimates that 20.7 million sq.ft of net lettable retail space is under construction throughout the country. Assuming a three-year construction period, it is expected that this additional stock will be completed by 2013, increasing total retail stock by 17.9%.

Of this total sum of shopping centre space, about 21.5% is located within Kuala Lumpur, with another 19.9% in Selangor. Combined, this means that the Klang Valley accounts for over two-fifths (41.4%) of all shopping centre space in Malaysia. The next largest market is Johor, which accounts for 13.5% of all shopping centre stock in the country, followed by Penang with 11.9%. Together, these four markets account for over two-thirds of all the shopping centre stock in the country.

Overall occupancy for retail spaces in Malaysia is estimated at 81.0% by JPPH. The lowest occupancy rate is believed to be in Penang, at just 68.6%, as a number of the older centres in this city find it difficult to compete for tenants with the newer, better-managed centres. For shopping centres alone, JPPH estimates nationwide occupancy to be 78.2%, while that for Kuala Lumpur is 85.9%, Selangor is 85.7% and Penang is 68.8%.

For prime centres within the Klang Valley, CBRE data shows that occupancy in Kuala Lumpur is 89.9% while Selangor is 96.8%, leading to an overall prime occupancy rate in the Klang Valley of 93.3%.

Based on shopping centre transactions conducted during 2010 and 1H 2011, CBRE Research has found that capital values and yields/ capitalization rates have varied widely. Generally, capitalization rates for retail property in Malaysia range from 6.0 to 8.0%. However, there are some cases where the yields are already compressed to below 6.0%.

Based on 1H 2011 stock data, retail stock per capita for the entire country is currently about 4.09 sq.ft per capita, compared to 13.65 sq.ft per capita in Kuala Lumpur, 5.00 sq.ft per capita in Selangor and 9.48 sq.ft per capita in Penang. However, shopping centre stock per capita is 2.91 sq.ft per capita nationally, 10.58 sq.ft per capita in Kuala Lumpur, 2.99 sq.ft per capita in Selangor and 6.30 sq.ft per capita in Penang.

Retail Stock per capita

	<u>Malaysia</u>	<u>Kuala Lumpur</u>	<u>Selangor</u>	<u>Penang</u>
Retail Stock (sq.ft)	116,005,673	22,854,715	27,325,834	14,801,302
Shopping Centre Stock (sq.ft)	82,370,129	17,718,891	16,354,521	9,839,871
Shopping Centre Stock as a % of Retail				
Stock	71.0%	77.5%	59.9%	66.5%
Retail Stock per capita (sq.ft)	4.09	13.65	5.00	9.48
Shopping Centre Stock per capita (sq.ft) . .	2.91	10.58	2.99	6.30

Source: JPPH, Census 2010 Report.

In terms of ownership, the retail market in Malaysia is extremely fragmented. The vast majority of retail assets are independently owned, with a few larger national players having portfolios of multiple assets.

In the recently announced Budget 2011, there are a number of provisions potentially affecting the retail market. Prime among them is the removal of import taxes on over 300 retail goods, including apparel (previously taxed at 20.0%). Additionally, the government services tax has been raised from 5.0% to 6.0%, but this will likely have a negligible effect on the retail market.

City Report: Kuala Lumpur

City's characteristics

Kuala Lumpur is Malaysia's capital and its second-largest market in terms of retail stock. Together with Selangor, the two states are referred to as the Klang Valley.

Supply, demand and vacancy

During 2010, a number of leading shopping centres in the Klang Valley, such as Suria KLCC, Sunway Pyramid, 1 Utama and Gardens, underwent rent reviews. During this time, top prime rents, defined as rents for prime space on the concourse or ground floors, reached as much as RM100 psf, a level similar to that of Singapore's Orchard Road. Overall, CBRE Research shows that prime rents at the top retail centres within the Kuala Lumpur city-centre ranged between RM15-100 psf, while those in the suburban areas ranged from RM15-70 psf. The next rent review for most malls will be in 2013 which appears to be room for growth.

In 2010, four significant shopping centres and hypermarkets were completed in Kuala Lumpur. These included Wangsa Walk (273,243 sq ft) and Axis Atrium (218,000 sq ft) in the first half of the year, followed by the 276,000 sq ft fahrenheit88 (the refurbished KL Plaza) and 1 Mont'Kiara (225,000 sq ft). Another new opening of shopping centre during 1H 2011 was the 600,000 sq ft Viva Mall (the refurbished UE3 Plaza) in Kuala Lumpur.

JPPH estimates the total retail stock in Kuala Lumpur to be 22.9 million sq ft, with occupancy of 86.2% as of 1H 2011, while CBRE projects supply growth to be approximately 1.85 million sq ft in 2H 2011 and 650,000 sq ft in 2012. Additionally, JPPH estimates occupancy for shopping centres in Kuala Lumpur to be approximately 85.9%.

Separately, CBRE Research estimates occupancy at prime shopping centres within Kuala Lumpur to be 89.9% as of 1H 2011. Leading centres, such as Suria KLCC, Pavilion KL and Mid Valley Megamall, enjoy 100% occupancy with substantial waiting lists.

Within Kuala Lumpur, 77.5% of all retail space is in shopping centres with 21.5% of all shopping centre space in Malaysia is located in Kuala Lumpur.

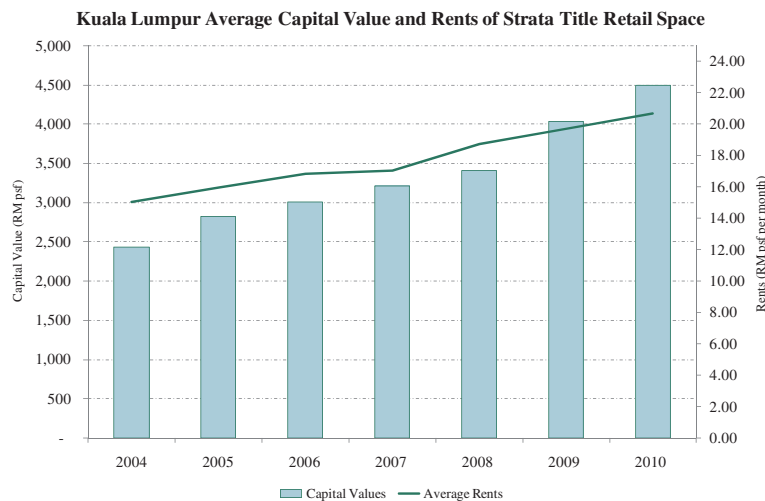
Capital value, rental and investment yield

A number of major shopping centre transactions have occurred in Kuala Lumpur since 2006, with the majority being driven by real estate investment trusts (REITs). Capital values for the centres transacted have reached as high as RM2,115 per sq ft of net lettable area for the sale of Starhill Gallery to Starhill Global REIT in 2009. However, it is difficult to compare capital values across centres due to differences in performance, positioning, size, location and other factors, since transactional data is limited as is evidence from annual or regular periodical revaluations.

The highest capital values are commonly at Sungei Wang Plaza, where prime standard sized shops transacted for over twice the market average in 2009-10.

Average rental rates for standard sized shops on these same floors are just above RM20 psf per month as of end-2010, which translates to a gross yield of about 5.5-6%. Generally, gross yields have ranged between 5.5-8% over the past six years.

Kuala Lumpur: Average Capital Value and Rent of Strata-titled Retail Space, 2004 – 2010



Source: Valuation and Property Services Department, Ministry of Finance, CBRE Research

CBRE Research estimates that as much as 1.85 million sq ft of additional retail space will be completed in Kuala Lumpur in 2H 2011, followed by another 650,000 sq ft of retail space in 2012. However, the majority of these centres is located in either secondary locations, and should not have significant effect on prime existing retail centres.

State Report: Selangor

State's characteristics

Selangor is the largest state in Malaysia and home to some of the leading shopping centres in the Klang Valley, including Sunway Pyramid, 1 Utama and The Curve. Sunway Pyramid is the single-largest asset to have been injected into the Sunway REIT (SunREIT), which was listed in mid-2010 and is Malaysia's largest REIT to date.

Supply, demand and vacancy

During the first half of 2010, four significant retail centres were completed in Selangor, namely Giza @ Dataran Sunway (85,900 sq ft), Carrefour Kota Damansara (71,000 sq ft), Empire Gallery (350,000 sq ft) and Jusco Mahkota Cheras (150,000 sq ft). The second half of the year saw the completion of Kepong Village Mall (120,000 sq ft), Subang Avenue (247,000) and SSTwo Mall (460,000). The latter is owned by Pramerica's Asian Retail Mall Fund II (ARMF II) and is one of three shopping malls held by the fund, with the other two being Penang's Island Plaza and 1st Avenue Mall. A new opening shopping centre during 1H 2010 was the 424,000 sq ft Citta Mall in Ara Damansara.

At of 1H 2011, JPPH estimates the total stock of retail space in Selangor to be 27.3 million sq ft, with an overall occupancy level of 88.2%. About 59.9% of all retail space in Selangor is in shopping centres, and 19.9% of all shopping centre space in the country is in Selangor. Furthermore, JPPH estimates that occupancy for shopping centres alone is 85.7% in Selangor.

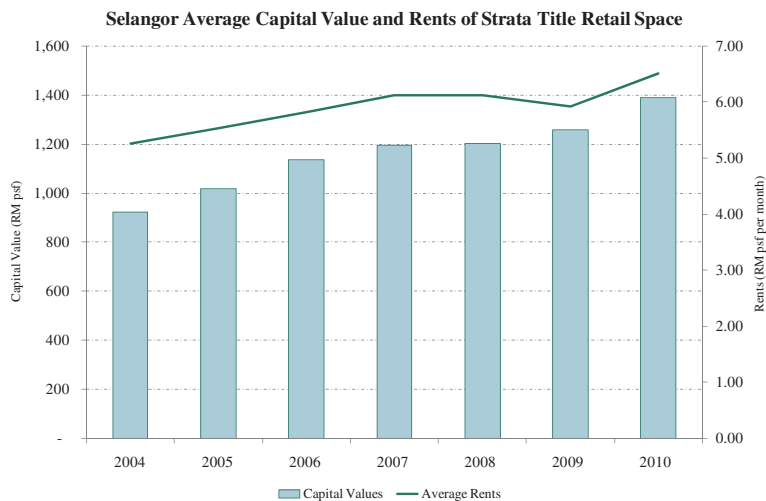
CBRE Research shows that occupancy for prime shopping complexes in Selangor is 96.8%, and similar to Kuala Lumpur, the leading centres enjoy almost 100% occupancy, although their waiting lists are not quite as significant. In any case, we expect the high occupancy rates at these prime centres to remain steady in 2011/2012.

Capital value, rental and investment yield

Retail centre transactions in Selangor since 2006 have yielded a wide range of capital values per sq ft of net lettable area, mainly due to differences in performance, positioning, size and location of the different centres. The highest capital values for an en-bloc shopping centre transaction over the past five years were for the SunREIT acquisition of Sunway Pyramid Mall in 2010, at RM1,365 per sq ft of net lettable area.

The average rental rate for retail centre space was RM6.51 as of end-2010, which equates to a gross yield of 5.5-6%. Similar to Kuala Lumpur, gross yields for prime strata-title space in Selangor have ranged between 5.5-8% since 2004.

Selangor: Average Capital Value and Rent of Strata-titled Retail Space, 2004 – 2010



Source: Valuation and Property Services Department, Ministry of Finance, CBRE Research.

CBRE Research estimates that as much as 2.2 million sq ft of new retail space may be completed in Selangor in 1H2011-2012. The bulk of this new space is located in secondary locations, such as Paradigm in Kelana Jaya, or around new townships, such as Setia City Mall in Setia Alam.

City Report: Penang

City's characteristics

Penang is arguably the largest retail destination in Malaysia outside the Klang Valley, although the total retail stock here is slightly less than that in Johor. The most notable event in the Penang retail market in 2010 was the acquisition of 90.7% of the retail strata area and entire car park of Queensbay Mall by CapitaMalls Asia (CMA), sponsor of CMMT, in December. With this recent acquisition, CMA now owns or controls the two most significant shopping centres on Penang island.

Supply, demand and vacancy

The JPPH estimates that total retail stock in Penang as of 1H 2011 was 14.8 million sq ft, of which 9.8 million sq ft was in shopping centres. The occupancy rate for both overall retail space and shopping centres in Penang is estimated to be approximately 68.6% and 68.8% respectively. The generally low occupancy is due to the fact that a number of the older centres in this city find it difficult to compete for tenants with the newer, better-managed centres.

Penang accounts for 11.9% of all shopping centre space in Malaysia (compared to 13.5% for Johor). Together, Kuala Lumpur, Selangor, Penang and Johor account for over two-thirds of all the shopping centre stock in the country.

In Penang, CBRE Research tracks a total retail supply of about 10.9 million sq ft in 28 significant retail complexes, of which 20 are located on the island and 8 on the mainland of Seberang Perai. CBRE Research further shows that occupancy for these significant retail complexes on Penang island is relatively stable at 78.0% as of 1H 2011. Prime shopping malls such as Gurney Plaza and Queensbay Mall averaged occupancy rates at between 90% – 100%, whereas some of the secondary complexes averaged at between 50% to 75%.

New retail complexes completed in 2010 include Waterside @ Straits Quay (270,000 sq ft) in Tanjung Tokong, which focuses on international food and beverage (F&B) outlets, 1st Avenue Mall (430,000 sq ft) near KOMTAR in Georgetown, owned by Pramerica’s Asian Retail Mall Fund II (ARMF II), and a Tesco hypermarket in Bukit Mertajam. A new retail complex opened in 1H2011 is Tesco Tanjung Seri Penang (GFA: 269,418 sq.ft) which was recently sold to Soaring Profit Sdn Bhd by Eastern & Oriental Berhad for RM134 million.

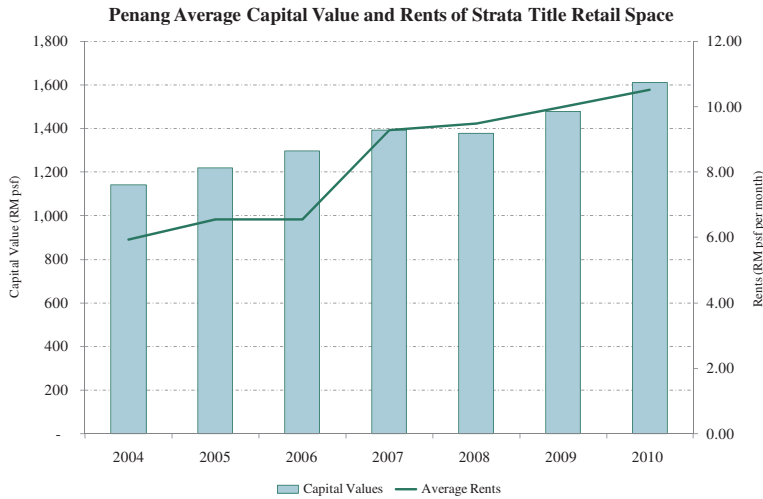
Capital value, rental and investment yield

There have been a few major retail centre transactions in Penang since 2007. Of these, Gurney Plaza has transacted at the highest capital value per sq ft of net lettable area, due to its position as Penang’s leading retail centre. However, it is difficult to compare capital values across different malls as each mall varies in terms of performance, positioning, size, location and other factors and there is limited data available from regular periodic revaluations of centres.

Average rents for major retail centre space as of end-2010 were RM10.52 psf per month, up 76.8% compared to 2004’s RM5.95 psf per month, equal to an average annualised growth rate of 10.0%. This is in large part due to the higher rents achieved at Queensbay Mall after its opening in December 2006.

CBRE Research indicates that prime rents, defined as rents for prime space on the concourse or ground floors, at the top retail centres in Penang remained stable, ranging from RM 9-28 psf in the city-centre and RM 18-40 psf in suburban areas in 1H 2011.

Penang: Average Capital Value and Rent of Strata-titled Ground Floor Retail Space, 2004 – 2010



Source: Valuation and Property Services Department, Ministry of Finance, CBRE Research.

New retail developments expected to come on-stream in Penang over the next few years include All Seasons Place in Air Itam (228,000 sq ft in 2011), Gurney Paragon (700,000 sq.ft in 2012), Penang Times Square Phase 2 (290,000 sq.ft in 2013), and City Mall (300,000 sq.ft in 2014).

Future Supply of Retail Space in Shopping Centres in Klang Valley and Penang

Year	Net Lettable Area (sq.ft)		
	Kuala Lumpur	Selangor	Penang
2H 2011.....	1,845,000	1,459,280	228,000
2012	650,000	700,000	700,000
2013	188,000	1,988,800	290,000
2014	2,050,000	2,070,000	300,000
Total	4,733,000	6,218,080	1,518,000

Source: CBRE Research.

JAPAN RETAIL MARKET OVERVIEW – JUNE 2011

OVERVIEW OF THE ECONOMY

Country Overview

Japan is a major economic power-house in both Asia and the rest of the World. It has the World's 3rd largest economy and is ranked amongst the top 5 in the world in terms of export and import levels. With a population of just under 128 million it is also the world's tenth most populous nation. Japan is one of the richest and most developed nations in Asia and the only Asian country to be a member of the G8 group of nations.

Macroeconomic Overview

Gross Domestic Product

In 2010, Japan had an estimated gross domestic product (GDP) of US \$4.3 trillion, adjusted for purchasing power parity (PPP). This makes it the third largest national economy in the world, behind the US and China.

Japan's economy is largely driven by a strong external sector, focussing on higher-order electronics, machinery and automotives, with demand predominantly stemming from China, the US and the EU. Such dependence on the export market has been a mixed blessing for Japan. Whilst on the one hand it enabled Japan to promote economic growth and recovery for the period 2002 to 2007 following a decade of economic stagnation, it also led to severe exposure to the global financial crisis (GFC) of 2008-09. As a result, GDP growth fell to a low of -6.3% in 2009, bringing the five year average down to -0.3% for the period 2004-2009 compared to 1.5% for 2003-2008.

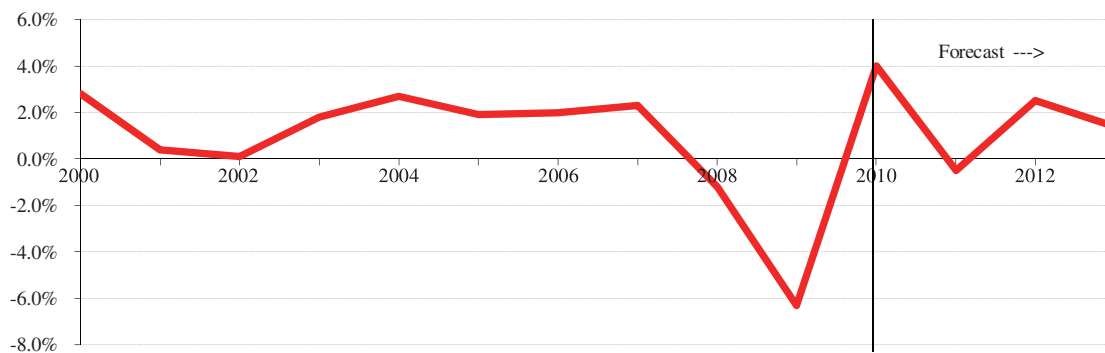
Despite the severe impacts of the GFC, Japan's economy returned to positive growth in 2010 of 4.0%. This recovery was cut short when, on 11 March 2011, a massive earthquake struck off the coast of northern Japan, triggering a devastating tsunami that caused widespread damage in coastal areas of the Tohoku region. Amongst the damaged infrastructure were several nuclear power plants located in Fukushima Prefecture. The subsequent meltdown of a reactor at one of these plants sparked a radiation leakage crisis that took months to get under control.

The effects of the Tohoku earthquake on the Japanese economy were profound. There was widespread damage to infrastructure, most notably to electricity supplies to Tokyo and the Tohoku region resulting from the stricken nuclear plants. In addition, many of the towns in Tohoku contained small parts manufacturers who played an important role in the supply chains of large export-driven industries such as automotives. Data for Q1 2011 shows a 0.9% quarter-on-quarter contraction of GDP. Although data for Q2 2011 has not yet been released, the Economist Intelligence Unit (EIU) predicts a further contraction of 1.7% quarter-on-quarter due to the interruptions to supply chains and interruptions to the energy grid.

As Japan recovers from this disaster and begins the task of rebuilding, the economy will see an increase in activity. Already construction orders are increasing (by 31% in April and 25% in May) and machinery orders are also expected to start rising. EIU is forecasting a quarter-on-quarter increase in Japan's GDP of 1.9% for Q3 2011, and 3.3% for Q4. For 2011 as a whole, this equates to a contraction of 0.5%. For 2012, GDP is forecast to grow by 2.5%, before moderating to 1.4% in 2013.

Japan GDP Growth, 2000 - 2013

Chart 1



Source: Economist Intelligence Unit, July 2011.

Private Consumption Expenditure

Private consumption expenditure (PCE) is the contribution of private households to GDP. It is a particularly relevant indicator for the retail sector with retail sales being a subset of PCE. Over the last decade PCE in Japan has experienced muted growth, managing real growth rates between 0% and 2%. During 2008 and 2009, growth was negative at -0.7% and -2.0% respectively. 2010 saw a recovery in household expenditure with real PCE growth of 1.9% per year. However, the tsunami has affected the confidence of households, and EIU is forecasting PCE to contract by 0.6% in 2011. PCE is expected to return to positive growth after that, increasing by 1.6% and 1.0% in 2012 and 2013 respectively.

Inflation

Japan has struggled with deflation (negative inflation) for much of the past decade. Deflation is problematic for economic growth because, among other things, it raises the future value of money which deters consumer spending.

2008 saw inflation increase to 1.4% in Japan due to a worldwide increase in the price of commodities, including food, oil and metals. Subsequently, the global recession saw a sharp drop in inflationary pressures as economies moved from having capacity constraints to having surplus capacity. During this period Japan returned to deflation, with CPI contracting by 1.4% in 2009 and a further 0.7% in 2010.

The disaster of March 2011 is having an interesting effect on consumer prices. Due to supply chain disruptions, electricity shortages and a loss of agricultural output, consumer prices have increased by 0.3% year-on-year in April and the same again in May. EIU forecasts that consumer price inflation will be 0.6% for 2011, 0.7% for 2012 and 0.9% for 2013.

Tourism

Tourism is a growth industry in Japan with international visitor arrivals having more than doubled between 1998 and 2010, reaching 8.6 million in 2010. Following a successful marketing campaign there have been increased visitor levels from Asian countries and an increasing proportion of visitors who are coming to Japan for leisure rather than business purposes. Arrivals however, did experience a significant drop in 2009, but this was largely attributable to the GFC. They rebounded again in 2010, in part, due to the continued liberalisation of Japanese visa laws for Chinese tourists. However the disaster has significantly affected tourist arrivals, with initial estimates of arrivals for the first half of 2011 32.6% lower than the same period last year.

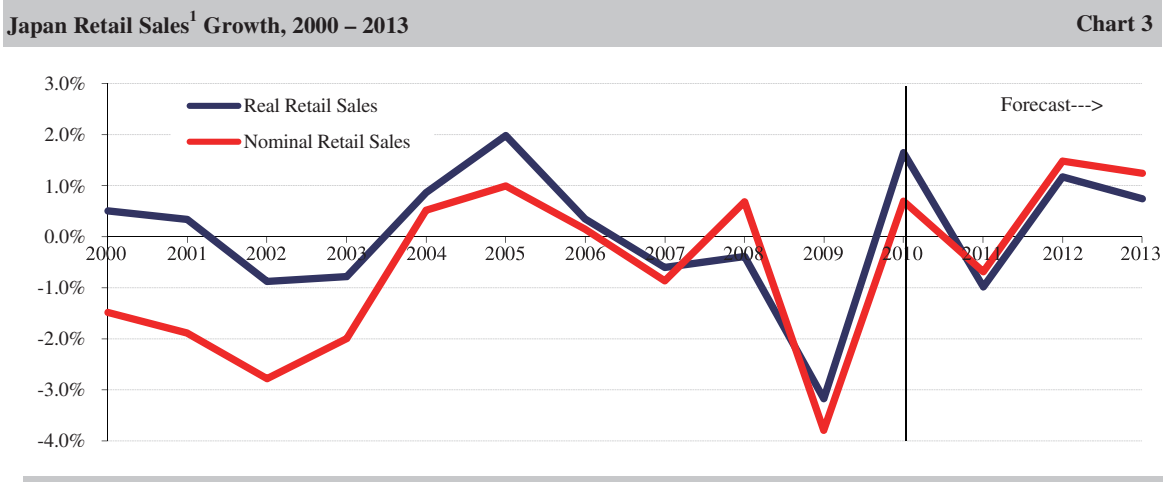
Despite growth in tourism numbers over the last decade, tourism remains a relatively small contributor to the size of the retail market as a whole. We estimate international tourism accounted for less than 1.0% of Japan’s total retail sales in 2010.

Retail Sales

Total retail sales in Japan (excluding motor vehicles) were estimated to be ¥116.0 trillion in 2010, which is 9% below the total of ¥128.1 trillion in 1999. The decline in total sales over the past decade has been caused by three factors: deflation in retail prices; a small decline in real retail spending per capita and almost zero population growth.

Between 2000 and 2010, real retail sales growth averaged 0.0% per year. Following a sharp decline of 3.2% in 2009, retail sales experienced positive real growth of 1.7% in 2010.

We forecast that the effects of the Tohoku earthquake on consumer confidence will impact on the retail market, with real retail sales decreasing by 1.0% in 2011. The situation is expected to improve after that, with retail sales forecast to increase in real terms by 1.2% in 2012 and 0.7% in 2013.



1. Retail sales series excludes motor vehicle sales.

Source: Department of Statistics; METI; Urbis.

Demographic Overview

Total Population & Distribution

Japan's population is estimated to have peaked in 2006 and has since registered negative population growth. The population was estimated at around 127 million in 2010 and is forecast to decline to 123 million by 2020.

Japan's population is highly urbanised and Tokyo-centric. In 2005, 31.7 million people, around a quarter of Japan's total population, lived in the Greater Tokyo area. Japan's two other major metropolitan areas, Greater Osaka and Greater Nagoya, accounted for a further 13% and 7% of the total population respectively. From a population growth perspective, there is little to separate Japan's major cities, whose growth rates are all forecast to be close to zero.

Key demographic trends to result from the declining population include: an ageing population; an increasing proportion of females to males; a smaller workforce; and smaller average household sizes.

Household Income

The average household income in Japan was ¥5,350,000 in 2009 and estimated at ¥5,200,000 in 2010. Between 2002 and 2010 there has been a nominal 11% decrease in household income. Wages in Japan, however, still remain high compared with most other Asian countries.

JAPAN RETAIL REAL ESTATE MARKET

General Overview of Japan Retail Market

Japan has one of the largest retail markets in the world due to the relatively large population and high average retail spending. It represents a mature market with a wide range of retailers offering a variety of products and services, some of which are unique to Japan. The nature of the market is highly competitive, resulting in some of the world's most innovative retailers.

Whilst traditionally department stores have been the most important retail format in Japan, they are now suffering from declining sales and thinning profit margins. A period of consolidation is currently taking place and a large number of closures have occurred, with the number of stores reduced by 29% over the last 10 years. The top five department store brands in Japan, as measured by volume of retail sales, are Takashimaya, Mitsukoshi, Sogo, Daimaru and Seibu. Note that most of these have some form of consolidated ownership (e.g. Isetan-Mitsukoshi and Sogo-Seibu).

General merchandise stores (GMSs) are also losing market share and as a result are suffering from decreasing sales. However, they still remain an important retail format in the country, making up 10% of total retail floorspace. Notwithstanding the difficult trading conditions GMSs have experienced, they continue to play a crucial role anchoring larger suburban shopping centres. The two key players in GMS are Aeon (branded Jusco) and Ito-Yokado, which both achieve total turnovers more than 40% higher than their nearest rivals. Other major operators are Uny (Apita), Seiyu (owned by Walmart) and Daiei.

The decline in department stores and GMS performance is largely due to Japanese consumers showing an increased preference for specialty stores, which have continuously increased their share of total retail sales over the past decade. This, in turn, will help to drive demand for high quality, professionally managed shopping malls.

In addition to specialty stores, convenience stores are also growing in their share of the market. Convenience stores have succeeded in Japan because their locations are often in areas with very few other retailers, they have long operating hours and have streamlined their operations. The top four convenience chains are 7 Eleven, Lawson, Family Mart and Circle K/Sunkus.

Outlet Malls are located in all of the major cities in Japan, and represent one of the few segments of the retail market to experience significant growth. The market is dominated by Mitsui (with their Mitsui Outlet Parks) and Chelsea (with Chelsea Premium Outlets). Combined, these two operators provide just under 60% of total outlet floorspace, and account for 70% of total outlet centre sales.

Sales via the internet and mobile phones have been displaying substantial growth as well. Indeed, internet retailing is a fast-growing phenomenon in Japan. JapanConsuming, a monthly publication from research house Sensu, forecasts that by 2015 online sales could account for up to 11% of total retail sales; more than double the current level.

Retail Floorspace Supply

We estimate that Japan had a total retail floorspace provision of 2.1 billion sq.ft in 2010. In per capita terms the provision is 16.8 sq ft, which is higher than other countries in Asia (such as Singapore at 10.7 sq.ft, Hong Kong at 11.8 sq.ft and South Korea at 14.4 sq.ft) and the UK (13.8 sq.ft), but lower than Australia (23.7 sq.ft) and the US (50.5 sq.ft). It should be noted, however, that Japan's low per capita provision compared to the US and Australia reflects the relative scarcity of land in Japan and the restrictive planning laws that seek to limit large retail developments, meaning that comparisons to other Asian countries and the UK, where land is scarcer, are more meaningful. It should also be noted that, in general, countries with lower provisions of floorspace per capita tend to have higher floorspace turnover productivities.

In 2010, total shopping centre floorspace in Japan accounted for an estimated 580 million sq.ft, or 4.6 sq.ft per capita. This equates to around 27% of the total floorspace provision, which is a lower share than Singapore (43%), the USA (47%) and Australia (40%); however it is comparable to the UK (25%). The majority of Japanese shopping centres have a floorspace of less than 300,000 sq.ft NLA and can be classified as either sub-regional or neighbourhood centres.

Market Performance

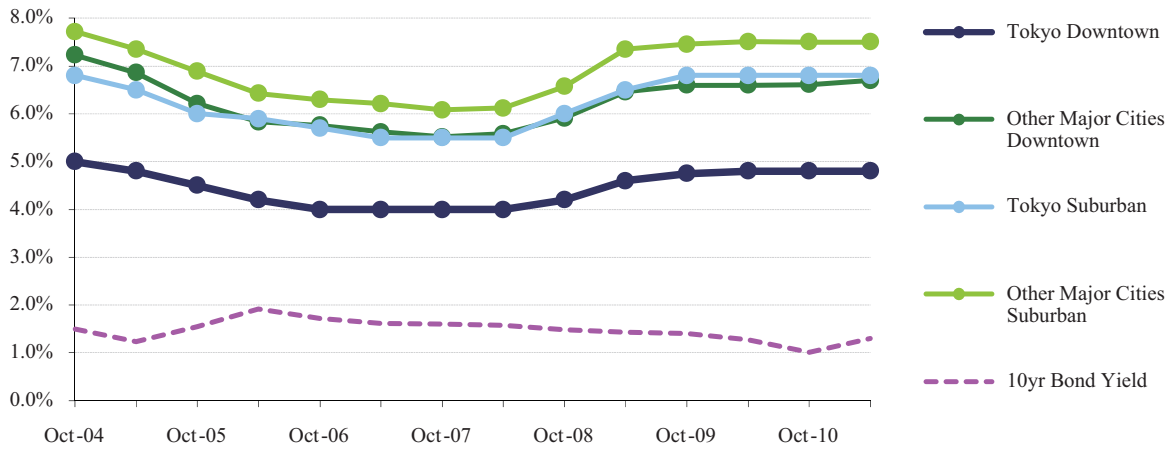
A period of relatively high economic growth from 2002 to 2007 flowed into Japan's retail property market. Rents steadily increased, capitalisation rates compressed and many investors became bullish in their acquisitions, especially during 2006 and 2007. The rapid end to that growth phase hit the property market and left a number of parties in distress, with sales and rents levelling off and retail property transactions slowing.

Major transactions on retail properties were virtually non-existent in 2009. However, activity increased significantly in 2010, led by cash-rich domestic business and developers, Japanese REITs and some private equity funds. Unfortunately for the most opportunistic of these funds, there was not the expected flood of distressed assets onto the market, as many banks extended the maturity period and offered refinancing for most quality assets. The most active purchasers have been the JREITs, whose strong corporate sponsors and connections to banks make it easier to access favourable deals.

Due to the opacity of the Japanese real estate market, in which transaction details are often not reported, it is difficult to find accurate benchmarks for capitalization rates. However, the results of a biannual survey by the Japan Real Estate Institute on investors' expected yields for retail properties shows that investors believe cap rates have increased for all retail properties between April 2008 and October 2009. It appears that between October 2009 and October 2010, expected cap rates stabilised at levels similar to those experienced in 2004. It should be noted, however, that these figures are based on expectations only and are not supported by market evidence. Interestingly, investors' expectations for cap rates did not change significantly between October 2010 and April 2011, which probably reflects a view that the effects of the tsunami on the retail market are more likely to be short-term.

Expected Capitalisation Rate for Retail Properties, 2004-2011

Chart 6



1. Other major cities is average for Sapporo, Sendai, Saitama, Chiba, Yokohama, Nagoya, Osaka, Kobe, Hiroshima and Fukuoka.
2. Downtown is building less than 5 years old, high-end brand stores, mainly turnover rent with guaranteed minimums, western-style lease.
3. Suburban is store of area 20,000 sq.m, mass merchandise anchor tenant, mainly fixed rent, western-style lease without renewal option.

Source: “The Japanese Real Estate Investor Survey” Japan Real Estate Institute; April 2011; Bank of Japan.

Unfortunately, again due to the opacity of the Japanese market, there is no overarching data indicating how average retail rentals have tracked over the last few years. Our view however, is that average retail rentals have remained relatively static over the past few years, as supply has remained fairly steady and retail sales growth has been fairly flat. Anecdotally it would appear that the shopping centre market is becoming increasingly split into “winners” and “losers”. Those centres which have a strong tenant mix; are well designed; are in a good location and are well managed are generally able to command higher rentals and in some cases are experiencing reasonable rental growth. Many other centres however, which are often older, located in rural areas and anchored by a large GMS or department store, are struggling both from a sales perspective and also with maintaining their rental and occupancy at acceptable levels. While the recent disaster will result in a short-term downturn in retail sales, which will probably flow through into rents, we expect that this will be a short-term phenomenon, and retail properties will benefit from the expected uplift in retail sales in 2012 and 2013.

General Outlook & Potential Opportunities

Japan will continue to be one of the richest and most populous countries in Asia, and this translates into a huge consumer market. As mentioned above, the temporary downturn in the retail market in the aftermath of the tsunami and nuclear disaster is expected to be short-lived, with retail sales returning to growth in 2012.

Expected future trends that will impact the retail property sector, include:

- **Changing consumer preferences.** The shift in Japanese consumer preferences will have an impact on the type and quantity of retail space required. Key consumer trends observed include the decline in luxury sales and consequent rise in “value-oriented” consumers; the increasing preference for specialty stores over large-format retailers; the rise of discount/fast fashion; the increased use of internet retailing; the growing acceptance of shopping centres and the ageing of the population.
- **Increased supply of modern shopping centres.** It has often been said that Japanese consumers prefer high street shopping to retail malls. However, the success of several large scale shopping centres seems to suggest otherwise, and as mentioned above, Japanese consumers are growing to accept and value the shopping centre model. Japan is currently undersupplied with modern, professionally managed and well-located shopping malls, and it is expected that more players will eventually enter this space.
- **Consolidation of department stores and GMS.** In recent years, department stores and GMSs have suffered from declining sales and thinning profit margins. The future will see more consolidation in the department store and GMS sectors. This will present some challenges for shopping centre owners, as many of these potential anchor tenants are currently underperforming and are not fulfilling their anchor role. This situation however, may also present some new opportunities to centre owners whereby they convert low productivity/low rental anchor space to higher productivity and higher rental smaller sized specialist tenancies.

The potential opportunities in the market include the following:

- Japan still has a relatively **low supply** of modern, well-located and well-managed shopping centres. This, coupled with a shift in consumer preference towards specialty shopping, means there is excellent development potential for these types of centres. Although there has already been a significant period of shopping centre development in the early 2000s, due to restrictive planning laws and developers’ inexperience, many centres are either poorly conceived, badly located or both. Certainly there still exists the potential for a significant number of new centres that are well designed, well positioned and targeted towards their local catchment.
- The core competencies in retail development and **asset management** are somewhat lacking in Japan given its position as a mature retail market. There appears to be a gap in the market for strong, shopping centre focused asset managers. While this is not true for some of the worst located assets, many centres have the potential for improved performance through active asset management.
- With the ongoing consolidation of **department stores**, it is likely that a number of stores will end up closing. These department store buildings are usually located in prime downtown locations with good access to public transport. As such, they represent excellent opportunities to be redeveloped into shopping centre style retail buildings.
- With the ongoing decline in importance of the GMS and the continued rationalisation of many stores, there is also the opportunity to **reconfigure and reposition** some centres by either reducing the size of the GMS and adding specialty, or by replacing the GMS with some other retail formats, potentially at a higher rental. For some centres there is also the potential to unlock the master lease and take full control over the centre. This will enable higher rentals and a better tenant mix to be achieved as there is no longer any conflict between the interest of the head lessee who is the major retailer (GMS store) and the owner.

INDIA

Macro-economic & Demographic Overview

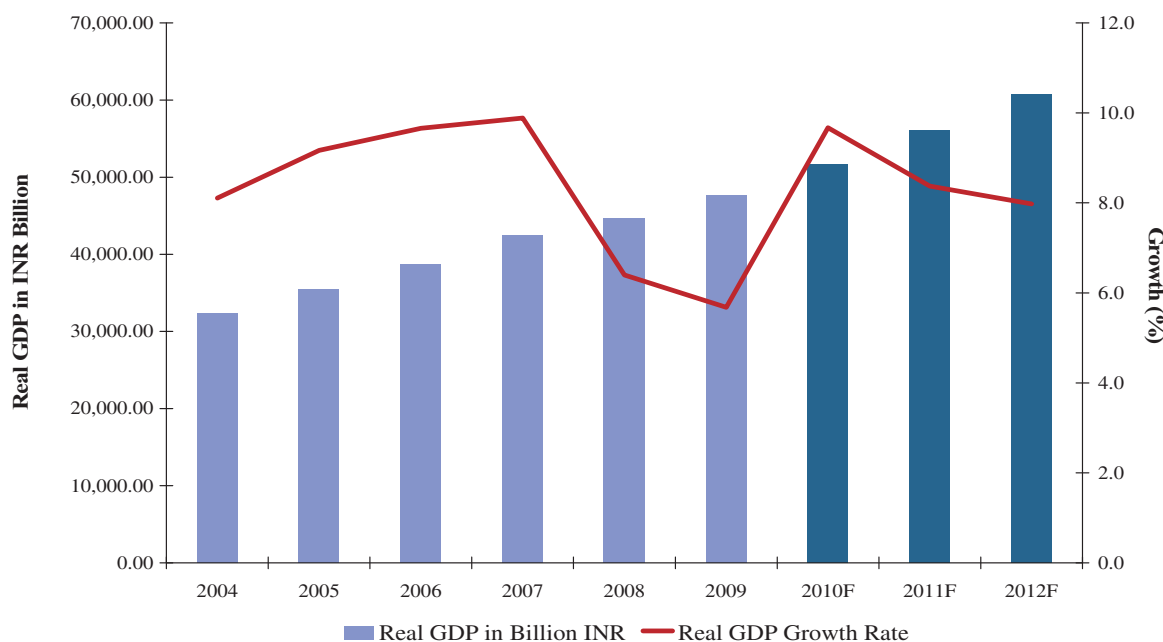
GDP Growth

India enjoyed rapid GDP growth over the past few years fuelled by the major economic reforms in the early nineties. Prior to the financial crisis, the Indian economy recorded a GDP growth above 9.0% per annum between 2005-2007. The economic growth is supported by expanding information technology (IT) and information technology enabled services (ITES) sectors, a deepening corporate base, growing foreign direct investment (FDI), economic diversification and policy liberalization. The economic growth moderated to slightly above 5.9% in 2009.

As per the revised estimate of the International Monetary Fund (IMF), India's real GDP is projected to grow at the rate of 9.6% y-o-y during FY 2010-2011. The service sector, which is considered the backbone of the economy, rebounded strongly during 2H10. Business sentiment and consumer behaviour reflected optimism as the Sensex¹, India's leading stock market index, surpassing the 20,000 mark at end-4Q10 from the sub-9,000 level during 4Q08.

On the back of a slowdown in key industrial sectors such as manufacturing and mining, India has witnessed a slowdown in the GDP growth in 1Q11. The GDP growth recorded in 1Q11 was 7.8%. However, with the strengthening macro-economic conditions, India continues to maintain a growth profile higher than the average growth rate of the global economy.

India: Real GDP and GDP Growth, 2004 – 2012F



Source: International Monetary Fund, World Economic Outlook Database, October 2010.

Note: (F) Forecast.

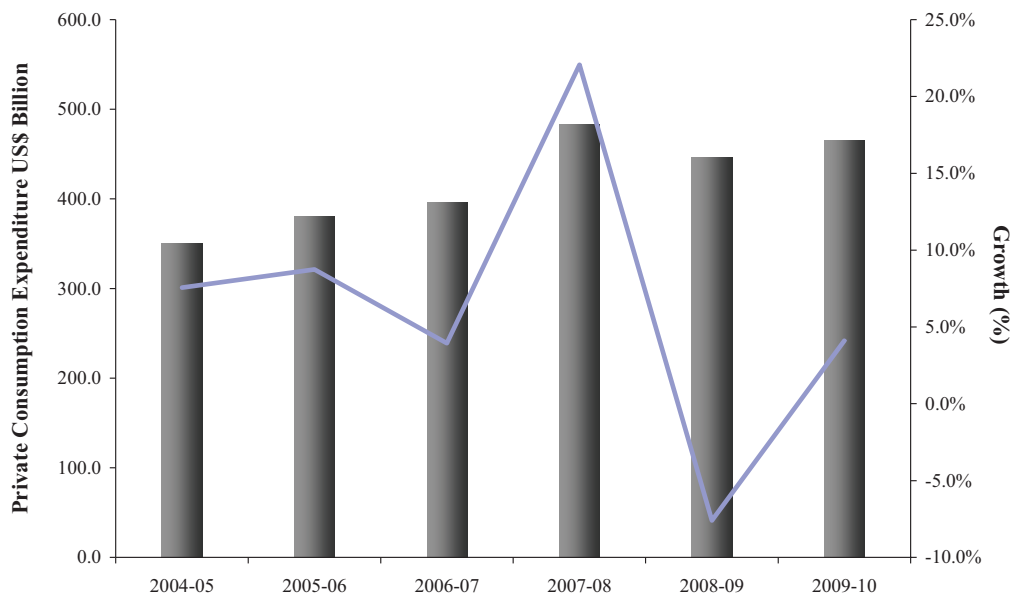
¹ Sensex or Sensitive index- An index of the 30 most actively traded stocks on the Bombay Stock Exchange (BSE).

Private Consumption Expenditure

Over the years, the total consumption expenditure in India has increased considerably with growing disposable income. The total consumption expenditure for fiscal year (FY)² 2007 was approximately US\$535.9 billion with a private consumption at approximately US\$446.8 billion. However, private consumption recorded negative growth in FY2008 due to weakened consumer spending amid a slowing global economy.

However, as consumer sentiment improved in 2010 with the improving macro economic conditions, private consumption again recorded a growth of 4% to reach US\$465.1 billion in 2010. Expected economic growth in 2011 and 2012 are expected to have a positive impact on growth in consumption expenditure. Growing employment opportunities and increasing disposable income is expected to have a positive and more pronounced impact on the consumer sentiment and this is expected to drive growth in private consumption expenditure of India in the coming years. Consumption patterns in India are witnessing a transition with an increase in the propensity to spend. This is expected to bring about increased spending in the coming years and fuel the growth of the retail industry in India.

Private Consumption Expenditure



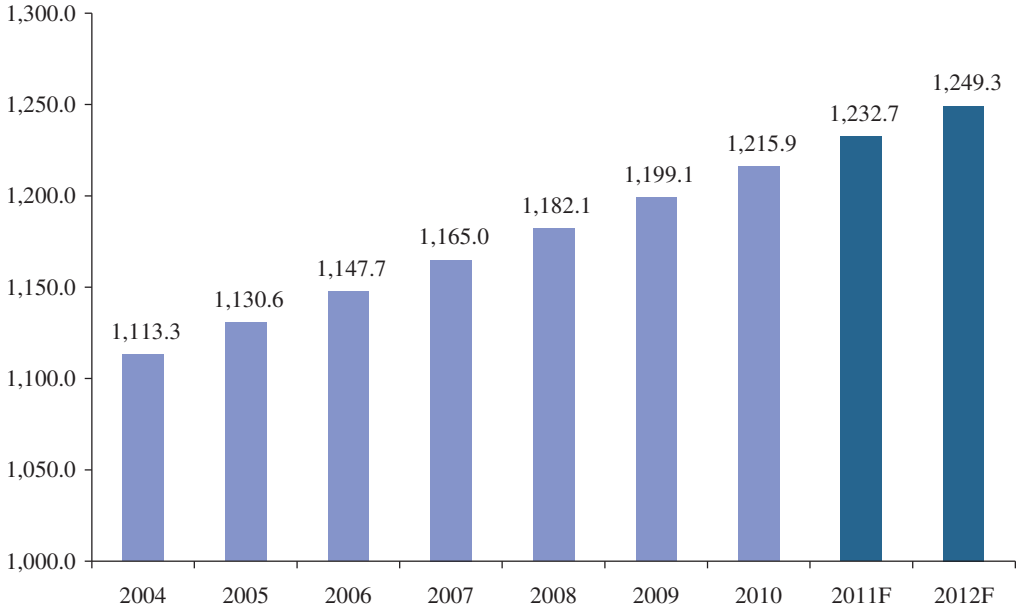
Source: Reserve Bank of India.

² Fiscal year of India begins in April and ends in March of the following year.

Urban Population

India’s total population increased from 1.12 billion in 2004 to 1.20 billion in 2009. The total population is forecasted to reach 1.25 billion by the end of 2012. India is experiencing rapid urbanization and growth of the middle class population. The United Nations in its World Urbanization Prospects 2007 estimated the urban population of India to increase from 286 million in year 2001 to around 366 million in 2010. India’s “mega-cities” – Mumbai and Delhi – will be the world’s second and third largest cities by 2015, providing massive concentrations of retailing potential.

India: Population (in million), 2004-2012F

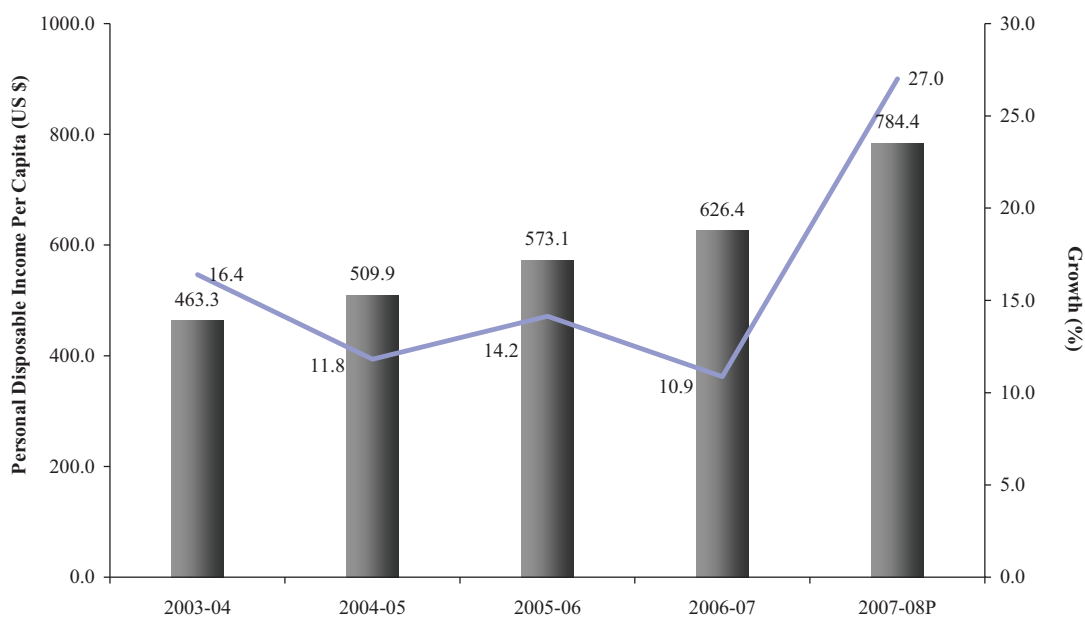


Source: International Monetary Fund, World Economic Outlook Database, October 2010.
Note: (F) Forecast.

Disposable Income

In India, personal disposable income witnessed an average annual growth of about 13.0% between FY2003 and FY2006. During FY2007, the government provisional estimate showed that the personal disposable income rose by 27.0% from the previous year. The per capita disposable annual income increased from US\$463 in 2003 to US\$784 in 2007. The high income growth was largely due to the growing economy which experienced rising FDI, growing IT, real estate and business, financial services and insurance (BFSI) sectors which increased employment opportunities. The increase in income gradually resulted in an increase in propensity to spend over the past few years.

Personal Disposable Income Per Capita (US \$)



Source: Central Statistical Organization, Government of India, January 2009.

Note: (P) Projected.

India Retail Real Estate Market

Organized retail³ in India is at a nascent stage with approximately 97.0% of retailing still concentrated in traditional neighborhood “mom and pop” stores. As at the end of the fourth quarter of 2010, India had a total organized retail floorspace of 46.7 million sq. ft. concentrated in seven key cities of Delhi, Mumbai, Bangalore, Chennai, Kolkata, Pune and Hyderabad. The available organized retail space per capita has risen from only 0.007 sq ft in 2004 to 0.038 sq ft as at the end of the fourth quarter of 2010. In 2010, several retailers, both domestic and foreign explored avenues for branching out in Tier II and III cities, which remain largely untapped despite their burgeoning purchasing power. The focus was on value and necessity retailing, limiting the expansion of lifestyle and luxury retail to Tier I cities.

Given the population and purchasing power along with the size of the Indian subcontinent, the level of organized retail space per capita across India is relatively small compared to that of mature economies in the Asia Pacific region and lags behind these economies in terms of organized retail development. Consumer confidence is upbeat, gaining traction from increasing optimism in overall economic conditions. India topped the Nielsen Global Consumer Confidence survey in 2010. The consumer confidence levels in India had reached 131 index points according to the latest edition of the Nielsen Global Consumer Confidence Index in 4Q10. This is expected to provide opportunities for investment into the retail segment.

2Q11:

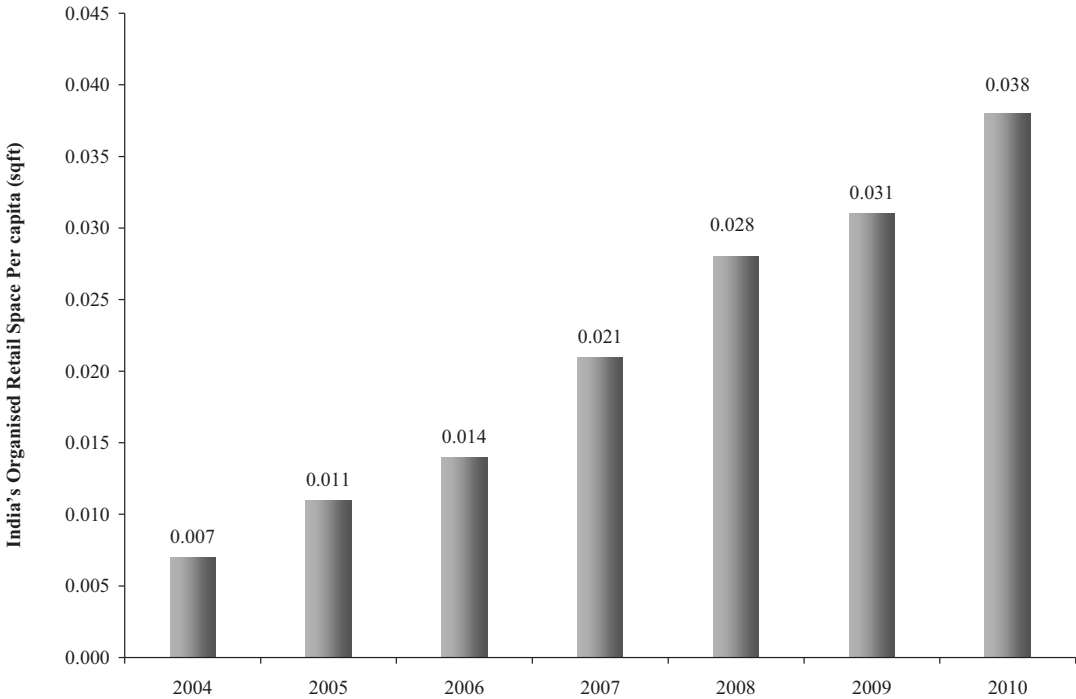
Organised retail floor space in India increased to 54.1 million sq ft by end-2Q11. With a supply of 4.1 million sq ft becoming operational across cities, overall vacancy at the end of 2Q11 witnessed a quarterly increase from 21.6% to 22.0%. Against this supply, 3.0 million sq ft was absorbed during 2Q11, with Mumbai and Pune leading the absorption each with 0.9 million sq ft each. Organised retail space rents across most of the cities remained stable. However, certain key micromarkets in the cities witnessed marginal rise in rents in 2Q11. Major shopping malls that became operational during 2Q11 include Market City in Pune, Infinity Mall (Malad) in Mumbai and Royal Meenakshi at Bangalore.

³ The term Organized Retail is used to differentiate modern retail space in malls and plazas from the traditional neighbourhood mom & pop stores and small local retailers in city's high streets and trading markets.

India’s Organized Retail Space Per Capita

Going forward, the country’s growing young population, rising disposable incomes, rapid urbanization and increasing consumer spending are the factors that are likely to result in a growth in the organized retail industry and raise the level of retail real estate development. A big contributor towards growth of Indian retail industry would be the introduction of large scale retail shopping mall format. 19.3 million sq ft of retail space encompassing 49 malls is expected to become operational in 2011. With healthy economic indicators in recent years and significant potential for the market, coupled with the opening up of the single branded retailing⁴ sector to foreign investors, many international retailers will find India an attractive investment option, and a number have announced their plans to enter the Indian market. Some of these international chains include Carrefour, Tesco, Wal-Mart. Local retail companies are also expected to expand their operations with the seven key cities being their priority areas of investment.

India’s Organized Retail Space Per Capita



Source: Jones Lang LaSalle, Research.

⁴ The Government has decided to allow FDI up to 51%, with prior Government approval, in retail trade of ‘Single Brand’ products. 100% FDI is permitted in Cash & Carry trading Wholesale Trading/ Wholesale Trading. #Press Note No. 3 (2006 Series). Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, (FC Section).

The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to our operations or business in the five countries which we operate, Singapore, China, Malaysia, Japan and India. Prospective purchasers of our Shares should consult their own legal advisers concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this listing document. These laws, regulations and interpretations may change at any time and any change may be retroactive. These laws and regulations are also subject to various interpretations, and the relevant authorities or the courts can later disagree with the explanations or conclusions set out below.

SINGAPORE

There are no exchange controls in Singapore.

CHINA

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, as amended in August 2008. Under these regulations, the RMB is only freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval of SAFE is obtained and/or prior registration with the SAFE is made.

On August 29, 2008, SAFE promulgated a notice, Circular 142, regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The notice requires that the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without SAFE's approval, and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of Circular 142 will result in severe penalties, such as heavy fines.

The dividends paid by a subsidiary to its overseas shareholder are deemed income of the shareholder and are taxable in China. Pursuant to the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), foreign-invested enterprises in China may purchase or remit foreign currency, may be subject to a cap approved by the SAFE depending on different current account transactions for settlement of current account transactions without the approval of the SAFE. Foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

MALAYSIA

There are no restrictions on the repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors, subject to applicable reporting requirements and any withholding tax, except that the prior permission of the Controller of Foreign Exchange of Malaysia is required for any person to make payment in the currency of the State of Israel or to enter into, effect or complete any transaction with the State of Israel or its residents, the authorities of the State of Israel, the agencies and instrumentalities of the State of Israel or its residents or any other entity owned or controlled, directly or indirectly, by the State of Israel or its residents, or any individual or entity who is listed under the United Nations Security Council Resolution (UNSCR) No. 1333 (2000) and No. 1267 (1999) relating to Osama bin Laden and The Taliban, UNSCR 1532 (2004) relating to Liberia and UNSCR 1483 (2003) relating to Saddam Hussein.

JAPAN

Foreign exchange control regulations in Japan are applicable to a real property investment from a non-resident of Japan into a resident of Japan. However, most of the investments from a non-resident of Japan are subject only to ex post facto reporting requirements.

INDIA

There are certain restrictions on the conversion of Rupees into foreign currency. The provisions of the Foreign Exchange Management Act, 1999 of India (as amended) and the applicable rules and regulations framed thereunder (“FEMA”) regulate transactions involving foreign exchange and provide that certain transactions cannot be carried out without the general or special permission of the Reserve Bank of India (the “RBI”). The FEMA has eased restrictions on most current account transactions. However, the RBI continues to exercise significant control over capital account transactions (i.e., among other things, those which alter the assets or liabilities, including contingent liabilities, of persons).

The RBI has issued regulations under the FEMA to regulate the various kinds of capital account transactions, including certain aspects of the purchase and issuance of shares of Indian companies. If the repatriation of income falls under current account transactions and not under capital account transactions, such repatriation would be under the automatic route and not require prior approval of RBI. The RBI has also permitted authorised dealers to freely allow remittances by Indian resident individuals of up to US\$200,000.00 per individual per financial year, for any permitted current or capital account transactions or a combination of both.

For dividend on preference shares, FEMA prescribes the rate of dividend. Accordingly, the payment of dividends on preference shares or convertible preference shares issued to a non-resident should not exceed 300 basis points over the ‘Prime Lending Rate’ of the State Bank of India prevailing as on the date of the meeting of the board of directors of the company, in which issue of such dividends is recommended.

TAXATION OF OUR SHARES

The comments below are of a general nature and, a summary of certain Hong Kong and Singapore tax consequences of the acquisition, ownership and disposal of our Shares. It is not intended to be and does not constitute legal or tax advice. This summary is based upon tax laws, regulations, rulings and decisions, or in the interpretation thereof, now in effect, all of which are subject to changes. Such changes may be retrospective. While the comments are considered to be a correct interpretation of existing laws in force as of the date of this listing document, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

The discussion below is not intended to constitute a complete analysis of all of the Hong Kong and Singapore tax consequences relating to the acquisition, ownership and disposal of our Shares by any person. Each prospective investor in our Shares should therefore consult its own tax advisers concerning the tax consequences of an investment in our Shares. The following discussion has been prepared on the basis that our Company is tax resident in Singapore.

Hong Kong***Dividends***

Under the current practice of the Inland Revenue Department, no tax (whether by way of withholding or otherwise) is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profits Tax

No tax is imposed in Hong Kong in respect of capital gains derived from the sale of our Shares. Trading gains from the sale of our Shares by any person carrying on a trade, profession or business (either by himself or through another person) in Hong Kong, where such gains are arising in or derived from Hong Kong, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on unincorporated businesses at the rate of 15% for the tax year of 2010/2011 and onwards. Whether a gain is regarded as capital or trading in nature is a question of fact and depends on the particular circumstances of each case. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the relevant securities are held for long-term investment.

Gains from sales of our Shares effected on the Hong Kong Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of our Shares effected on the Hong Kong Stock Exchange realised by any person carrying on a trade, profession or business in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of shares registered on the Hong Kong Share Register. The duty is charged at the ad valorem rate of 0.1% on the higher of the consideration for, or the value of, the shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5.00. Where a sale or purchase of shares registered on the Hong Kong Share Register is effected by a person who is not resident in Hong Kong and any stamp duty payable on the contract note is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon and the transferee shall be liable to pay such duty. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

No stamp duty will generally be levied on the transfer of shares that are registered on a share register outside Hong Kong.

Singapore

Dividend distributions

Singapore adopts a one-tier corporate tax system. Under the one-tier corporate tax system, the tax paid by Singapore tax resident companies is a final tax. Any dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of their shareholders.

As our Company is a Singapore tax resident, the dividends payable by our Company will be one-tier tax-exempt dividends and will be exempt from Singapore income tax in the hands of our shareholders, regardless of their legal form or tax residence status. There will be no tax credits attached to the dividends.

There is no withholding tax on payment of dividends to non-resident shareholders.

Gains on disposal of our Shares

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our Shares may be construed to be income in nature and subject to Singapore income tax, especially if they arise from or are otherwise connected with the activities of a trade or business in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if our Shares were purchased with the intention or purpose of making a profit by sale and not with the intention to be held for long-term investment purposes.

For shareholders who are subject to the income tax treatment provided for under Section 34A of the Income Tax Act (Chapter 134 of Singapore) in relation to the adoption of Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“FRS 39”) for accounting purposes, they may be required to recognize gains or losses (not being gains or losses in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such provisions should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, ownership and disposal of our Shares.

Stamp duty

Stamp duty is payable on an instrument of transfer of our Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof, computed on the consideration for, or market value of our Shares, whichever is higher. Stamp duty is payable by the purchaser of our Shares, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require an instrument of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore. Stamp duty is also not applicable to electronic transfers of our Shares through the CDP.

TAXATION OF OUR OPERATIONS

The summary below of certain taxes in Singapore, China, Malaysia, Japan and India that may be applicable to our operations in these countries are of a general nature. The summary is based on laws, regulations, interpretations, rulings and decisions in effect as at July 31, 2011.

These laws, regulations, interpretations, rulings and decisions, however, may change at any time, and any change could be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the comments herein.

The summary is not intended to constitute a complete analysis of the taxes mentioned nor of all the taxes that may be applicable to our operations in each of the countries. It is not intended to be and does not constitute legal or tax advice.

Singapore***Income tax***

Singapore income tax is imposed on income accruing in or derived from Singapore, and on income derived from sources outside Singapore (i.e. foreign-sourced income) that is received or deemed to have been received in Singapore by the operation of law, subject to certain exceptions.

Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to have been received in Singapore is exempt from Singapore income tax if certain conditions are met.

Singapore income tax is only imposed on income. Singapore does not impose tax on capital gains. Therefore, gains of a capital nature are not taxed. However, gains on disposal of investments may be construed to be income in nature and subject to Singapore income tax. Generally, gains on disposal of investments may be considered income in nature, if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

In ascertaining the amount of income chargeable with income tax, all outgoings and expenses wholly and exclusively incurred in the production of the income, unless specifically prohibited by law, are allowed to be deducted. Capital allowances are granted on capital expenditure incurred on the provision of machinery or plant for the purpose of a trade, profession or business. Capital expenditure incurred on land and buildings is not eligible for any allowance unless the buildings are used for certain qualifying purposes in which case, the capital expenditure incurred on the buildings, where this was incurred on or before 22 February 2010, may be entitled to industrial building allowances.

Trade losses and capital allowances of a company that cannot be utilized in a particular tax year can be carried forward indefinitely for set-off against the taxable income of subsequent years subject to there being no substantial change in the shareholders of the company as at the relevant comparison dates. For carrying forward of unutilized capital allowances, there is an additional requirement that the company must continue to carry on the same trade that gave rise to the capital allowances.

Carry-back of trade losses and capital allowances, subject to a specified cap on the amount, to one or three years is allowed if certain conditions are met.

Singapore operates a group relief system which allows the current year's unutilized trade losses, capital allowances and donations of a Singapore company to be transferred to, and utilized against the assessable income of, another Singapore company provided that the two companies are members of a group. Two Singapore companies are members of the same group if at least 75.0% of the number of issued ordinary shares in one company is beneficially owned by the other, or at least 75.0% of the number of issued ordinary shares in each of the two companies is beneficially owned by a third Singapore company.

A company or a property trust which is carrying on a business of making investments (which includes the business of letting immovable properties) is subject to more restrictive rules in the determination of its income. These rules include not being able to carry forward or carry back trade losses and capital allowances and to transfer its current year's unutilized trade losses and capital allowances to another company within the same group.

The prevailing corporate tax rate is 17.0%, with certain exemptions granted on the first S\$300,000 of a company's chargeable income.

Payment of dividends

Singapore adopts a one-tier corporate tax system. Under the one-tier corporate tax system, the tax paid by Singapore tax resident companies is a final tax. Any dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of their shareholders. No withholding tax is imposed on the payment of dividends to non-resident shareholders.

Withholding tax on payments made to non-residents

Certain payments to persons who are not known to the payer to be tax resident in Singapore are subject to withholding tax. Such payments include interest, royalties, technical or management service fees and rent for the use of any movable property. The payer has the obligation to withhold tax at the applicable tax rate from these payments.

Tax transparency treatment for Singapore REITs

A real estate investment trust which is a trust constituted as a collective investment scheme authorized under Section 286 of the Securities and Futures Act and listed on the Singapore Exchange, and that invests in immovable property and immovable property-related assets ("Singapore REIT") may be accorded tax transparency treatment subject to meeting certain conditions. Under the tax transparency treatment accorded to Singapore REITs, the trustee of a Singapore REIT is not charged with tax on certain taxable income derived by the Singapore REIT to the extent of the amount of such taxable income distributed to unitholders. Unitholders are instead assessed to tax, directly or by deduction, on their share of the distributed taxable income at their own applicable tax rates.

Income which may be granted tax transparency treatment includes:

- rental income or income from the management or holding of immovable property but not including gains from the disposal of immovable property;
- income that is ancillary to the management or holding of immovable property but not including gains from the disposal of immovable property and Singapore dividends; and
- income (excluding Singapore dividends) that is payable out of rental income or income from the management or holding of immovable property in Singapore, but not out of gains from the disposal of such immovable property.

Any taxable income which is not distributed to unitholders will be charged with tax on the trustee at the prevailing corporate tax rate. Any distribution made from such income is capital in nature and will not be subject to any further tax when received by the unitholders.

Tax exemption for foreign-sourced income of Singapore REITs

A Singapore REIT which invests in immovable property outside Singapore may, subject to meeting certain criteria and conditions, be granted income tax exemption, on a case by case application basis, on foreign-sourced dividends, foreign-sourced interest and foreign-sourced distribution income derived in respect of such investments.

Stamp duty

Stamp duty is chargeable on certain documents relating to immovable property and shares or any interest thereof. These documents include a lease, sale and purchase, gift or mortgage of the immovable property and shares.

A contract, agreement or instrument relating to the conveyance, assignment or transfer of shares or interest thereof is subject to stamp duty at the rate of S\$2.00 for every S\$1,000 or any part thereof, computed on the consideration or market value of the shares, whichever is the higher. The purchaser of the shares would be liable for the stamp duty.

A contract, agreement or instrument relating to the conveyance, assignment or transfer of any immovable property is subject to stamp duty at the following rates based on the sale consideration or the market value of the property, whichever is the higher:

- S\$1.00 for every S\$100 or part thereof on the first S\$180,000;
- S\$2.00 for every S\$100 or part thereof on the next S\$180,000; and
- S\$3.00 for every S\$100 or part thereof on the remaining sale consideration or market value, as the case may be.

In general, stamp duty is payable on instruments executed in Singapore or if executed outside Singapore, and relates to any property situated in Singapore, which are received in Singapore. Whilst stamp duty relief and remission are available in limited circumstances, such relief and remission are not automatic and must be applied for under the relevant provisions of the Stamp Duties Act (Chapter 312 of Singapore).

Goods and services tax (“GST”)

GST is a consumption tax levied on the importation of goods, as well as most supplies of goods and services in Singapore. GST on importation is collected by the Singapore Customs while GST on local supplies of goods and services is collected by GST-registered persons. The prevailing standard GST rate is 7.0%. Certain supplies are exempt from GST. Broadly, these include sales and leases of residential properties and the provision of certain financial services. GST incurred on expenses for making exempt supplies is generally not recoverable (subject to certain exceptions). Export of goods and provision of international services are generally zero-rated (i.e. subject to GST at 0.0%). GST on expenses incurred for making zero-rated supplies is generally recoverable (subject to conditions).

China***Corporate income tax (“CIT”)***

Under the current China CIT Law which came into effect from January 1, 2008, the CIT rate has been unified at 25.0% for all China resident enterprises, including domestic enterprises and foreign invested enterprises. China foreign invested real estate enterprises (“Project Companies”), being real estate development or operation companies, are generally not entitled to any China statutory preferential CIT treatment and therefore subject to CIT on their taxable profits at 25.0%. Taxable profits include sales revenue, rental income, and gains on disposal of the property. Tax losses can be carried forward for five consecutive years. However, tax losses cannot be carried back to prior years.

Based on Guoshuifa [2009] 31 (“Circular 31”) issued by the State Administration of Taxation (“SAT”), with effect from January 1, 2008, real estate development enterprises should prepay CIT on income from an advance sale of properties under development based on estimated assessable gross profit margins. The estimated assessable gross profit margin rate will be no less than 15.0%, 10.0%, or 5.0%, depending on where the real property is located (i.e. urban and suburban areas of provinces, autonomous regions and cities specifically designated in the state plan, a prefecture or its suburban region, or other areas), and the estimated assessable gross profit margin rate for “economically affordable” housing, “price-restricted” housing and properties reconstructed from damaged housing will be no less than 3.0%.

Upon completion of construction, real estate development enterprises should calculate the “deductible costs” and the actual profit of the advance sales. Any difference between the actual profit and the estimated assessable profit which is calculated for prepaying CIT purpose during the construction phase will be included in the taxable income of the year when the project is completed.

Based on Circular 31, the construction of a real estate development project, except for a land development project, shall be deemed to be completed upon the occurrence of any of the following event:

- certificate of completion and supporting documents have been filed with the relevant real estate administration departments;
- the real estate property has been put into use; or
- the real estate property has obtained the Initial Certificate of Property Right.

“Deductible costs” refers to all types of expenses incurred by real estate development enterprises during the process of developing and constructing properties (including fixed assets).

Business tax (“BT”) and local surcharges

Pursuant to the China Business Tax Provisional Regulations and their implementation rules, BT is imposed on enterprises engaging in the provision of taxable services, transfer of intangible assets or sale of immovable properties in China. BT rates ranges from 3.0% to 20.0%. The prevailing BT rate is 5.0%.

City construction tax (“CCT”) (at the rate of 1.0%, 5.0% or 7.0% of BT payable) and education surcharge (“ES”) at 3.0% of BT payable were imposed on domestic enterprises and individuals while foreign invested enterprises, foreign enterprises and foreign individuals were provisionally exempt from such surcharges prior to December 1, 2010. However, the China State Council has passed Guofa [2010] 35 on October 18, 2010 to resume the collection of such surcharges from foreign invested enterprises, foreign enterprises and foreign individuals from December 1, 2010. In addition to the above, the China Ministry of Finance (“MoF”) has recently issued Caizong [2010] 98 (“Circular 98”) that requires that all units and individuals (including foreign invested enterprises, foreign enterprises and foreign individuals) to pay local education surcharge (“LES”) at 2.0% on turnover tax. Local governments are required to report their implementation measures on LES to the MoF. However, Circular 98 does not specify an effective date for the application of LES.

A Project Company will be liable to BT at 5.0% on the gross rental income it derived from the leasing of the China retail mall owned by it and other service income derived therefrom. In addition, CCT and ES will be imposed on the BT payable depending on the location of the Project Company, and LES may be also imposed on the BT payable in the near future. For example, the Shanghai and Jiangsu Province governments have started imposing LES with effect from January 1, 2011 and February 1, 2011, respectively. The same applies to proceeds (or gains) from the sale of any real estate property. According to Caishui [2003] 16, where enterprises and individuals sell real estate properties which are purchased from developers or other owners, the taxable income for BT purpose will be the balance of the sales proceeds less the original purchase price provided that BT had been paid by the previous owner. Loss on disposal of one property cannot be used to offset against gains on disposal of another property.

In addition, pursuant to relevant BT regulations and rules, where the service provider is located outside China while the service recipient is in China, the services provided by an overseas service provider would be subject to BT. If the overseas service provider does not appoint any Chinese agent to handle the BT filing and settlement, its BT should be withheld by the Chinese service recipient. In this connection, if Project Companies pay service fees, such as commissions, handling charges, etc., to foreign enterprises and the foreign enterprises do not appoint any Chinese agents to handle BT filing and settlement, the relevant BT should be withheld by Project Companies at 5.0%. In addition, CCT and ES will be imposed on the BT payable depending on the location of the Project Company, and LES may be also imposed on the BT payable in the near future.

Land appreciation tax (“LAT”)

Pursuant to the China LAT Provisional Regulations and their implementation rules, any appreciation derived from the transfer of property will be subject to LAT.

LAT is calculated at a 4-band excess progressive tax rates ranging from 30.0% to 60.0% on the appreciation value realized from the transfer of real estate properties (i.e., transfer price less the allowed deductible items) as follows:

Land appreciation value	LAT rate
Not exceeding 50.0% of deductible items.	30.0%
The portion over 50.0% but not more than 100.0%.	40.0%
The portion over 100.0% but not more than 200.0%.	50.0%
The portion over 200.0%.	60.0%

Deductible items include the following:

- payments for obtaining the land use rights;
- costs incurred for land development and construction of new buildings and auxiliary installations;
- expenses incurred for land development and construction of new buildings and auxiliary installations, or estimated prices of old buildings and constructions;
- taxes and fees incurred for the transfer of real estates; and
- other deductible items as specified by the Ministry of Finance.

If the seller of the real estate property is not a real estate development enterprise (i.e. non-primary sales) or the real estate development enterprise sells the real estate properties that it has self-used for a certain period, then the appreciation value is calculated by deducting the appraised price of the property, and the related taxes on the transfer of property including BT and stamp duty, from the sales proceeds. The appraised price refers to the appraised replacement cost of the building as assessed by designated real estate valuer approved by the Chinese government multiplied by a discount factor based on the “percentage of newness” of the building.

Based on Caishui [2006] 21, if a seller who disposes of old buildings or structures, fails to obtain an appraised price for the real estate property, then subject to the approval of the relevant local tax authority and the availability of the original property purchase invoice, the seller may claim a deduction calculated based on the amount stated in the property purchase invoice with an annual indexation of 5.0% from the year of purchase to the year of transfer. If the seller can present the original deed tax payment certificate in relation to original acquisition of land use rights and building, then the deed tax can be deducted as “taxes and fees incurred for the transfer of real estates.” However, the deed tax paid is not subject to the above annual indexation.

If the seller, who disposes of old buildings or structures (i.e. non-primary sales), cannot obtain an appraised price nor provide the original property purchase invoice, then the relevant local tax authorities may impose LAT based on their own assessment pursuant to Article 35 of the China Tax Collection and Administration Law.

Real estate tax (“RET”)

Pursuant to Notice 546 issued by the China State Council, all foreign invested enterprises, foreign enterprises and foreign individuals shall also be subject to RET from January 1, 2009. RET is levied on the owner/landlord of real estate properties. However, the owner of construction in progress (i.e. unfinished real estate properties) is not subject to RET.

Project Companies as the lessors and owners of the properties are liable to RET. Based on current practice, there are two methods for calculating RET depending on whether the property is for self-use or held for lease. If the property is for self-use, then the tax base is the original cost of the property net of a deduction of 10.0% to 30.0% depending on the location of the property, and the tax rate is 1.2% per annum.

On the other hand, if the property is held for lease, then the tax base is the rental income derived from the lease of the property and the applicable tax rate is 12.0% per annum.

In practice, the choice of method used in each locality may be subject to detailed implementation rules issued by local tax bureaus where the real estate properties are located.

Land use tax (“LUT”)

The China State Council issued the revised LUT regulation on December 31, 2006 which took effect on January 1, 2007. According to the revised LUT regulation, foreign enterprises and foreign invested enterprises are subject to LUT on the use of land within the boundaries of cities, county towns, towns/bases operated under an organizational system, and industrial and mining districts.

The annual LUT rates range from RMB0.6 to RMB30 per square of land occupied depending on location of the land and the type of usage. The exact LUT rate would be subject to the detailed implementation rules issued by the relevant local governments where the real estate properties are located.

Stamp duty (“SD”)

According to the relevant SD regulations, SD should be affixed on all dutiable documents at the time when the dutiable documents are concluded or received in China. The applicable SD rates would depend on the type of the dutiable documents. SD is, among others, levied at 0.05% on the transacted value stated in contracts for transfer of real estate and China non-listed shares, 0.1% on rental for leasing contracts, 0.005% on the loan amount for loan contracts with a financial institution. SD on dutiable contract and agreement is payable by each contractual party to the dutiable contract.

Deed tax (“DT”)

According to the relevant DT regulations, the transferee of land use rights or real estate property is subject to DT at 3.0% to 5.0% (subject to practice and implementation of the local tax authorities) on the transaction price at the time of acquisition.

Withholding tax (“WHT”)

Pursuant to the current China CIT Law and its implementation rules, non-China tax resident enterprises which have no establishment or place of business in China would be subject to China WHT at 10.0% on dividends, interest, capital gains, rental, royalties and other income sourced in China. The 10.0% WHT may be reduced under the tax treaty in force between China and the country of residence of the non-China tax resident enterprise, subject to the terms and conditions of the relevant tax treaty.

Guoshuifa [2009] 601 (“Circular 601”)

In order to enjoy treaty benefits on China-sourced dividend, interest and royalty, the non-resident income recipient must be the “beneficial owner” of the China-sourced dividend, interest and royalty.

In this respect, the SAT has issued Circular 601 to provide guidance on the interpretation of “beneficial owner” for the purposes of according tax treaty access on dividends, interest and royalties under the tax treaty network of China. According to Circular 601, a “beneficial owner” should have the ownership and right of control over the income, the rights to the income or the rights to the properties which give rise to the income. In addition, the beneficial owner should engage in substantial business operations.

Circular 601 also states that a conduit company would not qualify as a “beneficial owner.” A conduit company refers to a company which is established for the purpose of tax avoidance, reduction or deferral or the accumulation of profits and which does not engage in substantial business operations such as trading and manufacturing. The China tax authorities will adopt a substance-over-form approach in assessing beneficial ownership. Circular 601 sets out a list of unfavourable factors that the China tax authorities will take into account for the purpose of determining beneficial ownership.

Guoshuifa [2009] 698 (“Circular 698”) and the State Administration of Taxation Order [2011] No. 24 (“Order 24”)

Circular 698 was issued on December 10, 2009 (but applies retroactively from January 1, 2008) to regulate and strengthen the CIT administration of capital gains derived by non-residents through the direct or indirect transfer of China equity interest. It covers tax filing and tax payment responsibility for the non-resident seller in the case of a direct disposal, as well as the reporting responsibility for the non-resident seller in the case of an indirect disposal. However, Circular 698 has specifically excluded the transfer of listed shares of China resident companies where both the purchase and disposal are concluded on a public stock exchange (in or outside China). In practice, the China tax authorities are also not enforcing Circular 698 reporting for sale of equity interest in listed non-China companies with underlying China investments.

For indirect transfer of equity interest in a China entity by any non-resident enterprise, the non-resident seller is required to report the transaction if the transfer is of equity interest in an offshore company that is located in a jurisdiction where the effective rate of tax is lower than 12.5% or which exempts foreign income from tax. The non-resident seller should report the equity transfer to the in-charge tax bureau of the China company whose equity is being (indirectly) transferred within thirty days after the conclusion of the equity transfer contract. If the China tax authorities consider that the establishment of the offshore company does not have any reasonable commercial purposes and the offshore company is established for tax avoidance purposes, the China tax authorities may disregard the existence of the offshore company and deem the offshore transfer as an indirect transfer of equity interest in the relevant China company. Should this happen, the transfer of equity interest in the offshore company would trigger China CIT for the non-resident enterprise.

Order 24 was issued on March 28, 2011 and applies from April 1, 2011. According to Order 24, “effective rate of tax” under Circular 698 refers to the effective rate of tax on the gain imposed by the jurisdiction of the offshore company to be transferred upon the non-resident seller’s transfer of shares.

China General Anti-Avoidance (“GAA”) Provisions

With the introduction of the GAA provisions under the China CIT regime, if an enterprise carries out any business arrangements without reasonable commercial purposes (i.e. the primary purpose is to reduce, avoid or defer China tax payment) which result in reduction of its taxable revenue or income, the China tax authorities are empowered to make adjustments on the enterprise income using reasonable methods.

According to Guoshuifa [2009] 2, the China tax authorities can initiate a GAA investigation pursuant to the GAA provisions of the China CIT Law and its implementation rules if the following tax avoidance arrangements are identified:

- (a) Abusive use of tax incentives
- (b) Abusive use of tax treaties
- (c) Abusive use of the forms of enterprise organisations
- (d) Tax avoidance through tax havens
- (e) Other business arrangements without bona fide commercial purposes

The China tax authorities will adopt a “substance-over-form” approach in assessing whether an enterprise has entered into tax avoidance arrangements and if so, it would deny any tax benefits associated with such arrangements. The China tax authorities can disregard the existence of an enterprise that does not have any economic substance, especially one that is established in a tax haven that leads to tax avoidance results for its related and unrelated parties.

Malaysia

Corporate income tax

Malaysian companies are subject to income tax, currently generally levied at the rate of 25.0%, on all income accruing in or derived from Malaysia, unless such income is specifically exempt from tax.

In arriving at their taxable income, these companies are entitled to deduct all outgoings and expenses that are wholly and exclusively incurred in the production of their gross income, including interest paid on money borrowed and laid out on assets used or held for the production of gross income. They will also be entitled to capital allowances on qualifying expenditure incurred on the acquisition of assets that are used for the purposes of their respective businesses. Expenditure incurred on land and buildings is generally not qualifying expenditure. Consequently, companies may not be entitled to capital allowances in respect of such expenditure.

Business losses and capital allowances that cannot be utilized in a particular year can be carried forward indefinitely to subsequent years except in a case where the company has become dormant and there is a substantial change in the shareholders of the company.

Dividends paid by Malaysian tax-resident companies

With effect from the year of assessment 2008 (in respect of income earned during the financial year or other basis period ending in 2008), a single-tier tax system of taxation replaces the full imputation system. Under the single-tier tax system, dividends paid, credited or distributed by a company resident in Malaysia are exempt from tax in the hands of the shareholders. However, a six-year transitional rule provides that Malaysian tax-resident companies may continue to pay franked dividends in cash and with respect to “ordinary shares” to their shareholders up to December 31, 2013 under the prior full imputation system by using corporate income tax that has been paid or deemed paid up to December 31, 2007. Such franked dividends received by the shareholders are subject to tax but a tax credit is allowed in calculating the tax payable by the shareholders.

There is no withholding tax on payment of dividends to non-resident shareholders.

Withholding tax on the payment of interest to non-residents

A non-resident person receiving interest derived from Malaysia will be subject to a withholding tax of 15.0% on the gross amount of the interest. It is the responsibility of the payer of the interest to remit the amount withheld to the Malaysian Inland Revenue Board within one month from the date of paying or crediting the interest to the non-resident person. A reduced withholding tax rate of 10.0% is applicable to residents of Singapore pursuant to the Malaysia-Singapore tax treaty.

Interest paid or credited in respect of certain instruments is exempt from withholding tax.

Real property gains tax

Under the Real Property Gains Tax Act, 1976 (“RPGT Act”), RPGT is levied on any chargeable gain arising from the disposal of a chargeable asset. Chargeable assets are defined to mean real property and shares in real property companies (“RPCs”). Real property means any land situated in Malaysia and any interest, option or other right in or over such land.

A RPC is defined to mean a controlled company which, as at October 21, 1988 or any later date, acquires real property or shares in a real property company or both, whereby the defined value of the real property or shares or both, owned at that date is not less than 75.0% of the value of its total tangible assets.

From January 1, 2010, the rate of RPGT is effectively 5.0% of chargeable gains, in respect of chargeable assets disposed of within 5 years from the date of acquisition. Under current law, the RPGT on chargeable gains in respect of any disposal of a chargeable asset after January 1, 2010 is exempted from RPGT where the disposal is made after 5 years from the date of acquisition of such chargeable asset.

Nevertheless, where the gains on the disposal of real property or shares in RPCs are revenue in nature (for example, where the investments are disposed as part and parcel of an investment trading business carried on by the seller in Malaysia), such gains would be subject to Malaysian income tax, instead of RGPT.

Service tax

Service tax is a consumption tax levied and charged on taxable service provided by taxable person. It applies throughout Malaysia excluding Langkawi, Labuan, Tioman, Free Zones and Joint Development Area.

The current rate of service tax is 6.0% of the price, charge or premium of the taxable services.

Stamp duty

Stamp duty is chargeable on certain instruments and documents according to their nature and transacted values. Instruments for the transfer of property such as shares in a private company and real property are chargeable to stamp duty. An instrument for the transfer of shares is subject to stamp duty at a rate of 0.3% of the market value of the shares transferred, as calculated based on guidelines issued by the Stamp Office. Where real property is transferred, the instrument of transfer would be subject to stamp duty at the following *ad valorem* rates based on the sale consideration or the market value of the property transferred, whichever is the higher:

- 1.0% on the first RM100,000;
- 2.0% on the next RM400,000; and
- 3.0% of the transfer consideration or market value in excess of RM500,000.

In general, stamp duty is payable on instruments executed in Malaysia or if executed outside Malaysia, when brought into Malaysia. Whilst stamp duty relief is available in limited circumstances, such relief is not automatic and must be applied for under the relevant provisions of the Malaysian Stamp Act 1949. The instrument of transfer in respect of the Property will not be accepted by the relevant authority for registration until the stamp duty is paid or exemption obtained.

Japan

Corporate income taxes

Japanese domestic corporations are subject to corporate income taxes on their worldwide income. Taxable income is determined as the positive net amount of revenue (including net capital gains) and deductible expenses. Corporate income taxes comprise national corporation tax (*houjin zei*), special local corporation tax (*chihou houjin tokubetsu zei*), local inhabitants tax (*houjin jumin zei*) and enterprise tax (*jigyuu zei*). Foreign corporations without a permanent establishment in Japan are obliged to pay income tax (national tax only) on their Japanese source income.

The basic national corporation tax rate is 30.0%. With the additional local taxes, the effective corporate income tax rate is approximately 41.0% (42.0% if the head office is located in Tokyo). The Business Scale Taxation of local enterprise tax (*gaikei hyojun kazei*) applies to corporations with capital of more than JPY 100.0 million. Under Business Scale Taxation, a corporation is subject to tax on the basis of: 1) added value; 2) amount of capital; and 3) taxable income. As added value and capital based tax (not based on income) is levied, the effective corporate income tax rate under Business Scale Taxation is approximately 40.0%. Inhabitants equalization tax is also assessed on all corporations, determined based on the amount of capital/capital reserve and the number of employees.

Dividend distributions from a Japanese corporation (as a private company not listed on the securities market) to its shareholders are subject to withholding tax at the rate of 20.0% under Japanese domestic income tax laws. In the case of certain foreign shareholders, the withholding tax rate may be reduced under applicable income tax treaties. Under the Singapore-Japan tax treaty, the withholding tax rate would be reduced to 5.0%, provided that the Singapore resident shareholder receiving the dividends owns at least 25.0% of the voting shares of the Japanese company paying the dividends during the period of six months immediately before the end of the accounting period for which the distribution of dividends takes place. Otherwise, the rate would be reduced to 15.0%.

Real property transaction and holding taxes

Registration license tax and real estate acquisition tax

Acquisition of Japanese real estate, including land and buildings, is generally subject to registration license tax (*toroku menkyo zei*) of 2.0% (1.0% for land until March 31, 2011, 1.3% until March 31, 2012 and 1.5% until March 31, 2013) and real estate acquisition tax (*fudosan shutoku zei*) of 4.0% (3.0% for land and residential buildings until March 31, 2012). The taxable base for these real estate transaction taxes is normally the value assessed by local municipalities. The tax base of real estate acquisition tax for residential land is reduced by half for acquisition made on or before March 31, 2012.

The acquisition of trust beneficiary interests, representing real estate as entrusted assets, is not subject to real estate acquisition tax. A change to the holder of a trust beneficiary interest is subject to registration and license tax of JPY 1,000 for each underlying entrusted real estate.

Consumption tax

Acquisition of assets, except for land, is subject to consumption taxes (*shohi zei and chiho shohi zei*) at the combined rate of 5.0%.

Real estate holding tax

Real property owners are subject to fixed asset tax (*kotei shisan zei*) of 1.4% and city planning tax (*toshi keikaku zei*) of 0.3% on the real estate value assessed by local municipalities. The enforcement of other taxes imposed on land holdings, i.e., special land holding tax (*tokubetsu tochi hoyu zei*) and land value tax (*chika zei*), is currently suspended.

Special tax treatment of Tokutei Mokuteki Kaisha (“TMK”)

A TMK is a special purpose company incorporated pursuant to the Law Regarding Liquidation of Assets (*Shisan no Ryudouka ni Kansuru Houritsu*); (the “SPC Law”) as a vehicle for the liquidation of assets. Under the SPC Law, a TMK is required to specify its investment assets, purchase/own the investment assets with the issuance of certain specified securities (bonds and preferred investment certificates), and be liquidated upon the disposition of the specified investment assets. The assets in which a TMK can invest are defined as ‘general property interests’ and therefore, in addition to real properties, include non-performing loans backed by real estate, trust beneficiary certificates, as well as most other types of property interests.

A TMK, as a domestic corporation, is subject to corporate income taxes at the effective tax rate of approximately 41.0%/42.0%. However, based on the characteristic of a TMK as a kind of conduit for investors, Japanese tax law specifically allows (subject to certain requirements such as more than 90.0% of its distributable income is distributed to investors as dividends) a TMK to deduct dividend distributions from taxable income. Accordingly, corporate income taxation at TMK level should normally be minimal.

Dividends distributed by a TMK are treated in the same way as a distribution from a Japanese corporation. The dividend distributions are subject to withholding tax at the rate of 20.0% under Japanese domestic income tax laws. In the case of dividend distributions to certain foreign shareholders, the withholding tax rate may be reduced under applicable income tax treaties.

Further, concessional registration license tax and real estate acquisition tax may apply to a TMK on the acquisition of real properties, except for certain properties such as warehouses and land underlying warehouses; the tax base for real estate acquisition tax is reduced by two thirds for acquisition made on or before June 30, 2011 (three fifth from July 1, 2011 through March 31, 2013) and the registration and license tax rate is 0.8% for acquisition made on or before March 31, 2011 (1.1% from April 1, 2011 through March 31, 2012 and 1.3% from April 1, 2012 through March 31, 2013).

India***Direct Tax******Income Tax*****Classification of income**

Taxable income of a person in India for the purposes of charge of income tax and computation thereof, is classified under the following heads of income:

- salary income;
- profit and gains of business or profession;
- income from house property;
- capital gains; and
- income from other sources.

Each head of income has a different method of calculation of income.

Corporate Income tax

A domestic company¹ is subject to corporate income tax at the rate of 32.45%² with respect to income earned during the Indian tax year³ on its taxable income (i.e. net income after deduction of expenses). A foreign company⁴, on the other hand, is subject to corporate income tax at the rate of 42.02%⁵ on its taxable business income. Under the Indian income tax law, a non resident company is taxed in India only with respect to income which accrues or arises in India or is deemed to accrue or arise in India or is received or deemed to be received in India.

Taxable income in respect of profits and gains of a business or profession is computed after adjusting for all allowable business expenses, including depreciation as provided under the Indian income tax law. With respect to Indian companies engaged in leasing of properties, taxable income from leasing of properties may be taxed as “business income” or “income from house property.” The basis of taxation to be applied depends upon judicial precedents and facts and circumstances of each case.

Where income from leasing of properties is considered as “income from house property,” net taxable income would be computed by applying a standard deduction towards expenses equals to 30% of the annual rental value of the property (except interest expense and taxes paid to municipal authorities which would be deductible in full provided taxes have been withheld on such expenses at appropriate rates, where applicable). The interest payable on capital is allowed as an expense where such capital is utilised to acquire, construct, repair, renew or reconstruct the property. However, the taxes levied by municipal authorities are allowed only on an actual payment basis irrespective of the year to which such liability pertains.

Where income from leasing of properties is taxed as “business income,” taxable income would be arrived at after deducting actual expenses (expenses that are subject to tax withholding are only allowed to be deducted where tax is withheld on such expenses at appropriate rates and such tax is deposited with the Government Treasury within the prescribed time) incurred and tax depreciation.

However, the draft Direct Tax Code Bill 2010 (“DTC”) proposed to be implemented from April 1, 2012 provides that income from leasing of properties (subject to exception in respect of Special Economic Zones (“SEZ”), hotel, hospital, convention centre, cold storage), will be classified as “Income from house property” notwithstanding that letting is in the nature of trade, commerce or business (see “Proposed Direct Tax Code” below).

¹ “domestic company” means an Indian company, or any other company which, in respect of its income liable to tax under Indian income tax laws, has made the prescribed arrangements for the declaration and payment, within India, of the dividends (including dividends on preference shares) payable out of such income

² Basic tax rate of 30.0% plus surcharge at 5.0% of basic rate plus education cess at 3.0% of basic tax rate and surcharge. Surcharge is applicable where the total income of the Indian company exceeds Rs 10 million. Unless otherwise specified, all the tax rates considered in this Appendix are inclusive of applicable surcharge & education cess.

³ Indian tax year runs from April 1 to March 31 of a year.

⁴ A foreign company means a company which is not a domestic company.

⁵ Basic tax rate of 40.0% plus surcharge at 2.0% of basic rate plus education cess at 3.0% of basic tax rate and surcharge. Surcharge is applicable where the total income of the foreign company exceeds Rs 10 million.

Minimum alternate tax (“MAT”)

Under the Indian income tax law, where the tax liability of a company as computed under normal provisions of the Indian income tax law is less than 18.50% of the book profits in the profit & loss account of the company, after making certain specified adjustments, the company would be liable to pay MAT at 20.01%⁶ of such book profits.

MAT paid during any financial year is creditable for a maximum period of 10 years (immediately succeeding the year in which MAT was paid), against future tax liability arising under normal provisions of Indian income tax law as per the manner prescribed. Applicability of MAT on foreign companies is a debatable issue.

Under the Indian income tax law, MAT is not applicable in the case of SEZ developers as well as on the units established in SEZ. However, the Finance Act 2011 has levied MAT on the SEZ developers as well as the units in the SEZ.

Taxation of gains on disposal of assets

Taxation of gains from sale of assets will generally follow accounting treatment of such assets in the books of accounts, which in turn would be based on principles of Indian Generally Accepted Accounting Principles (GAAP) and auditor’s view.

Classification of capital gains

Under Indian income tax law, capital gains are taxable as long term or short term capital gains depending on the period of holding of the capital assets. A capital asset held for a period exceeding 36 months immediately preceding the date of transfer is considered as long term capital asset and a capital asset held for a period up to 36 months immediately preceding the date of transfer is treated as short term capital asset. However, where the capital assets are shares or any other securities listed on a recognised stock exchange in India or units of mutual funds, the “36-month” test is shortened to 12 months.

Capital asset vs stock-in-trade

Any property acquired and held for an enduring benefit should be classified as a capital asset for tax purposes. On the other hand, the term “stock-in-trade” has been held to mean all those goods or commodities that are bought and sold in the ordinary course of business and do not include a commodity which is acquired outright for the purpose of being let to hire.

Property held as capital asset

Where property held as capital asset is sold, gains, if any, arising from the sale would result in capital gains tax liability. Cost of acquisition, cost of improvement and expenses incurred in connection with the transfer are available as a deduction. For a long term capital asset disposed of by a resident of India, cost of acquisition and cost of improvement can be indexed based on the prescribed cost inflation index.

Where consideration received or accruing as a result of transfer of a capital asset, being land or building or both, is less than the value adopted or assessed (or assessable) by stamp valuation authority, such value for stamp duty purposes would be deemed to be the full value of consideration for such transfer of asset.

Changes in the value of the property on a year on year basis do not attract any capital gains tax liability as long as there is no “transfer” of the capital asset.

⁶ Basic tax rate of 18.5% plus surcharge at 5.0% of basic rate plus education cess at 3.0% of basic tax rate and surcharge.

The rate of taxation of capital gains will depend upon whether the asset is long term or short term as follows:

Types of capital assets	Nature	Tax rates applicable as per the Indian income tax law	
		Domestic company	Foreign company ⁷
Sale of listed securities through an Indian stock exchange ⁸	Long term (shares held for more than 12 months)	Exempt ⁹	Exempt ¹⁰
	Short term (shares held up to 12 months)	16.22%	15.76%
Off-market sale of listed securities (i.e. sale of listed shares through a private deal)	Long term (shares held for more than 12 months)	21.63% – (with indexation); or 10.82% – (without indexation)	21.01% ¹¹
	Short term (shares held up to 12 months)	32.45%	42.024%
Sale of unlisted shares/other assets	Long term (shares: held for more than 12 months; others: held for more than 36 months)	21.63% – (with indexation)	21.01%
	Short term (shares: held up to 12 months; others: held up to 36 months)	32.45%	42.024%

Depreciable assets

All depreciable capital assets are grouped together as a specific block of assets. Under the provisions of Indian income tax law, a block of assets comprises all assets falling within the same class of assets i.e. tangible or intangible assets. All assets grouped within a block carry the same percentage of depreciation as prescribed for tax purposes.

Under the ‘block of assets’ concept, where any asset is sold, the value of the sale would reduce the written down value of the relevant block (i.e. cost less accumulated depreciation) for depreciation purposes, and there would not be any capital gains arising from such sale. However, where either the value at which the asset is sold is greater than the written down value of the block or all the assets in the block are sold, the excess is taxed as short term capital gains.

⁷ In case of a foreign company, capital gains arising from sale of shares in / debentures of an Indian company is required to be computed in the same foreign currency (separate conversion rules are specified in this regard) as was utilised in the purchase of shares or debentures. Further, the tax rate applicable to a foreign company is subject to the benefits available under the tax treaty entered into between India and country of residence of the foreign company.

⁸ Transfer of equity shares (actual delivery based) or units of equity oriented funds on a recognised stock exchange would attract Securities Transaction Tax at 0.125% of the value of transaction payable by both the buyer as well as the seller.

⁹ MAT @ 20.01% is leviable in respect of such exempt long term capital gain.

¹⁰ Applicability of MAT in the hands of foreign company is a debatable issue.

¹¹ Based on certain judicial precedent, an argument exists that long term capital gains is taxable at a concessional rate of 10.506% in the hands of a non resident.

Land is not considered a depreciable asset. Accordingly, any gains arising from sale of land would be taxed as long term or short term capital gains, depending on the period for which the land is held prior to its transfer.

Dividend distribution tax (“DDT”)

Dividend distributed by a domestic Indian company is exempt in the hands of shareholders (including non resident shareholders) subject to payment of DDT by the domestic Indian company at the time of distributing, declaring or paying the dividend, whichever is earlier. Currently, DDT is payable at the rate of 16.22% on the amount distributed, declared or paid as dividend.

Withholding tax

Dividend

Dividend payable by an Indian company to its shareholders (including non resident shareholders) is currently not subject to tax withholding under the Indian income tax law, provided it has been subject to DDT.

Interest

Interest payable by an Indian company is subject to tax withholding under the Indian income tax law.

For interest payable to a non resident, the withholding tax rate on interest is 21.01% on gross basis where the debt is denominated in foreign currency. In all other cases, the withholding tax rate is 42.02%.

However, the rate of withholding tax on interest payments to non residents would be subject to the provisions of the tax treaty entered into between India and the country of residence of the non resident. Based on Indian income tax law, the provisions of relevant tax treaties will apply to the extent they are more beneficial to the taxpayer subject to satisfaction of conditions. Further, tax shall be withheld at the higher of the following rates in case the payee i.e. interest recipient fails to furnish his permanent account number to the payer:

- at the rate specified in the relevant provision of Indian income tax law; or
- at the rate or rates in force; or
- at the rate of 20.0%.

Transfer pricing

Under the Indian Transfer Pricing Regulations, all international transactions with “associated enterprises” need to be at an arm’s length price. The term “associated enterprise” is widely defined under the regulations and includes overseas group affiliates and certain other entities meeting the economic dependency criterion. The regulations also prescribed certain methodologies to determine the arm’s length price.

Wealth tax

In addition to regular corporate taxes payable in India, an Indian company is required to pay wealth tax in respect of its net wealth in excess of ₹3 million (approx USD 65,000) at 1.0%. Net wealth is computed as an aggregate value of certain specified assets less aggregate value of all debts (assets and debts outside India are excluded) incurred in respect of such assets on the valuation date, being last date of the financial year i.e. March 31.

Proposed Direct Tax Code

As part of its tax reform initiatives, the Government of India is in the process of revising, consolidating and simplifying the language and structure of the direct tax laws into a single legislation – the Direct Tax Code Bill, 2010 (“DTC”). After the DTC is approved by both houses of the Indian parliament, and receives the President’s assent, it would be enacted as law.

The DTC is envisaged to come into force from Indian tax year beginning on April 1, 2012. The key proposals of the DTC include the following:

Test of residence

Under the current Indian income tax law, the tax residence of a company is usually based either on the place of its incorporation i.e., legal seat or the location of its management i.e., real seat or a combination of both. The Indian income tax law treats a company incorporated outside India as an Indian tax resident only if the place of control and management of its affairs is situated ‘wholly’ in India during a tax year.

The DTC proposes a “place of effective management” (POEM) test to determine the residency of foreign companies. If a foreign company is regarded resident in India by virtue of its POEM being in India at any time during the financial year, it would be taxed on its worldwide income, as well as be subject to dividend distribution tax (DDT). The POEM has been defined to mean:

- A place where the board of directors or its executive directors make their decisions.
- In case where the board of directors routinely approve the commercial and strategic decisions made by the executive directors or officers of the company, the place where such executive directors or officers of the company perform their functions.

*Tax Rates under DTC*Snapshot of current tax rates vis a vis DTC

Particulars	Current Tax Rates (including surcharge and education cess)	Tax rates under DTC (including surcharge and education cess)
Domestic company	30.90% 32.45% (Where the total income of the domestic company exceeds Rs 10 million)	30.0%
Foreign company	41.20% 42.02% (Where the total income of the foreign company exceeds Rs 10 million)	30.0%
Divided Distribution tax (DDT)	16.22%	15.0%
Branch Profit tax (“BPT”) ¹²	NA	15.0%
Minimum Alternate tax (MAT)	19.055% 20.01% (Where the total income of the domestic company exceeds Rs 10 million) of adjusted book profits (Carry forward of MAT credit allowed for 10 years)	20.0% of adjusted book profits (Carry forward of MAT credit allowed for 15 years)
Wealth tax	1.0% of net wealth exceeding Rs 3 million	1.0% of net wealth exceeding Rs 10 million

General Anti Avoidance Rules (GAAR)

GAAR is a broad set of provisions that has the effect of invalidating an arrangement that has been entered into by a taxpayer with the main objective of obtaining a tax benefit. The tax authority in such cases is granted the power to adjust the assessment of the taxpayer so as to counteract the attendant tax.

Relationship between treaty and domestic tax law

The DTC in line of the existing provisions of the Indian income tax laws provides that, between the domestic tax law and the tax treaty, the one which is more beneficial to the taxpayer shall apply. However, an exception is provided for this rule not to apply in the following circumstances where (i) GAAR is invoked; (ii) CFC rules are applied or (iii) Branch Profit Tax is levied.

Indirect taxes on real estate

Apart from Stamp Duty as discussed below under “Indian Stamp Act, 1899,” the indirect taxes that may directly impact the real estate sector are Value Added Tax / Central Sales Tax, service tax and customs duty.

Value added tax (“VAT”)/central sales tax (“CST”)

VAT/CST is levied on sale or lease of movable property in India including intangibles, but excluding newspapers, stocks, shares, securities and actionable claims. Generally, immovable property is not subject

¹² A foreign company would now be subject to an additional Branch Profit Tax (“BPT”) of 15.0% on its branch profits. BPT is levied on income directly or indirectly attributable to the permanent establishment of a foreign company or on immovable property situated in India, as reduced by the corporate income tax. The BPT would apply even if there is no remittance of profits by the branch to its head office. Furthermore, BPT applies irrespective of tax treaty provisions.

to VAT/CST in India. The rate of taxation depends upon the nature/description of the goods and also on the actual movement of the movable property i.e. whether the sale of movable property is an intra-state sale or an inter-state sale. VAT is levied and collected by State Governments under the respective VAT Act of each State when the movement of goods takes place within the state i.e. intra-State sale, whereas CST is levied by the Central Government and collected by respective States from where the movement of goods commenced to a place outside the State i.e. inter-State sale.

Where the sale is an intra-state sale, i.e. the movable property actually moves within a State, VAT at rates varying from 4.0% to 15.0% would apply, depending upon the nature/description of movable property being sold/leased.

A dealer is eligible to claim a credit of the VAT paid on procurements in a State and utilize it against its output VAT liability in that State, subject to satisfaction of prescribed conditions.

Where the sale is an inter-State sale, i.e. the movable property actually moves from one State to another State, CST would apply. CST is payable at the VAT rate prevailing in the State where movement of goods commences. In case the sale is made against issuance of a statutory form (i.e. Form C) by the buyer to the seller, CST at 2.0% is applicable. Form C can be issued in specific cases such as for purchase of goods for re-sale, use in manufacture, packing etc. No credit of CST paid on procurements is available.

With respect to real estate sector, depending on the exact terms of the agreements, VAT/ CST is leviable on value of goods transferred in the course of construction activity carried out by a contractor/ sub-contractor unless the contractor/ sub-contractor sells the immovable property. Generally, under construction contracts, a contractor may have the option to pay VAT at a lower composite rate (ranging between 2.0% to 5.0%) of the total contract value subject to prescribed conditions such as non availability of input VAT credit.

No VAT/ CST is levied on sale or purchase made in the course of export to, or import from, outside India.

Service tax

Service tax is a Central levy in India. It is governed by the provisions outlined in Chapter V of the Finance Act, 1994 (“the Finance Act”). It is applicable on ‘taxable services’ specified and defined in the Finance Act. The classification of taxable services is determined based on the provisions of the said Act, depending on the nature of services provided by the service providers. Currently 117 taxable service categories have been listed under the Finance Act. Typically, the provider of a taxable service is liable to obtain registration and discharge payment of Service Tax to the Treasury of the Central Government. However, in certain specified circumstances, the recipient of the taxable service is required to discharge payment of Service Tax to the Government; one example being where the recipient imports taxable services from a person located outside India. Currently, service tax is applicable at the rate of 10.30% (including Education Cess and Secondary and Higher Education Cess of 3%). The tax is levied on the gross value of taxable services.

A service provider is eligible to avail credit of the service tax paid on the input services used for providing output taxable services. The service provider can utilize the credit (commonly referred to as “Cenvat credit”) against its output service tax liability.

Under the service tax legislation, when any service is provided by a person who does not have a place of business in India, to a person who has a place of business in India, such service is taxable in the hand of the service recipient under the reverse charge mechanism, subject to prescribed conditions. The service recipient is eligible to avail credit of such service tax paid, if such services are used for providing output taxable service. The service recipient can utilize such credit against its output service tax liability.

The provisions regarding valuation of taxable services for the purpose of levying Service Tax are contained in Section 67 of the Finance Act and the Service Tax (Determination of Value) Rules, 2006. Broadly, it may be said that value for the purpose of Service Tax is the gross amount charged by the service provider for the service provided, or to be provided, by him. It includes all expenses incurred by the service provider in connection with the provision of the service, other than any expenses incurred by the service provider as a pure agent on behalf of the service receiver which are excluded. However, any advance payments received, or deferred payments to be received, towards the charges for the service in question are included in the assessable value. If any non-monetary consideration is received (or is to be received) by the service provider in connection with the provision of the service, then the value for the same is required to be ascertained by the service provider in the manner prescribed in the Valuation Rules, and included in the assessable value of the taxable service.

Generally, sale of real estate property does not attract Service tax. However, in case of pre-construction sale of immovable property, where the developer/ builder collects advance payments from the buyers, such transaction has been deemed to be a taxable service. In such a scenario, value of taxable service is computed after giving deduction of 75.0% or 67.0% of total sale consideration depending on specified parameters. Also, Service tax at 10.30% will be levied on lease rentals received on lease of commercial property.

Further, the following key amendments have been introduced in the Service tax law recently as per the Union Budget 2011 which are relevant for the Real Estate Sector:

(a) Substantial changes in Cenvat Credit Rules 2004 in order to move towards more rationalised regime. These include:

- 'Input Service'/'Input' definition specifically excludes specified services/ goods used in construction of building, part thereof except in specific situations. This could significantly impact the tax cost of real estate developers developing commercial property for the purpose of renting purposes as they may not be able to avail Cenvat credit of the Service tax charged from them in respect of the construction of the complex.
- Availability of Cenvat credit under Works contract service (where the Service provider has opted for composition scheme) has been reduced to 40% of the tax charged by the input service provider in certain specified cases
- Cenvat credit of input services would be allowed to be taken upon receipt of invoice/ bill for the services subject to conditions (earlier Cenvat credit for input services was allowed to be taken upon payment of value of such services).

(The above amendment is applicable from April 1, 2011)

(b) Point of Taxation Rules introduced to determine the applicable rate of Service tax and the date on which such payment of liability arises. Prior to introduction of such Rules, generally, liability to pay Service tax arose at the time of receipt of consideration from the service receiver except in cases of transactions with associated enterprises (where the liability to pay Service tax arose at the time of making a book entry). However, post such introduction, liability to pay Service tax will arise on the earliest of the following:

- Raising of invoices for services;
- Receipt of consideration for services;
- Date of completion of services where the invoice is not issued within 14 days of such completion.

Special Rules have been made to cover specific situations such as transactions with associated enterprises, continuous supply of services etc.

(The introduction of the above Rules is mandatorily effective from July 1, 2011).

Customs duty

Customs duty is levied by the Central Government on import of goods into India, and, in a few cases also on goods exported from India. The importer/exporter is liable to pay the duty before clearance of the goods through Customs authorities. Customs Duty is a Central levy, that is, it is levied, collected and administered by the Central (Federal) Government through the Central Board of Excise and Customs (“CBEC”), under the Ministry of Finance. The levy and the rate of customs duty is governed by the Customs Act, 1962 read with the Customs Tariff Act, 1975.

While the customs duty (comprising basic customs duty and additional duties of customs) varies for different goods, the general effective rate on most of the goods is either 23.89% or 26.85% comprising the following:

- Basic customs duty – 7.5%/10.0%
- Additional Duty of Customs, commonly referred to a Countervailing Duty (“CVD”), equivalent to Central Excise duty – 10.3%
- Special additional duty in lieu of VAT/CST (“SAD”) – 4.0%
- Education cess – 2.0%
- Secondary and higher education cess – 1.0%

A service provider (who provides taxable services in India) is allowed to avail credit of the CVD component of the customs duty paid on imported goods which are used in rendering output taxable services. The service provider can utilize such credit against its output service tax liability.

Valuation: Most imported goods attract duties on *ad valorem* basis. Hence, for determining the duty payable, it is essential to arrive at a value for the goods. India has adopted the General Agreement on Tariffs and Trade (“GATT”) principles of valuation. Accordingly, imported goods are valued at their transaction value for the purpose of determining duty to be levied on them. However, the transaction value is accepted only when the transaction is at arm’s length. When the transaction is not at arm’s length, goods are valued under the provisions of the Valuation Rules, 2007. These Rules are also in accordance with GATT valuation, and *inter alia*, provide for adjustment of declared values by inclusion of charges towards royalty, license fees, commissions and brokerage and also any other consideration that may flow, directly or indirectly, from the buyer to the seller in connection with the transaction.

If the goods are imported from a related party then the matter is referred to Special Valuation Branch (SVB) of the Customs Department who investigates to determine whether the transaction value has been influenced by the relationship or not.

Proposed Goods and Service Tax Act (“GST”)

The Government of India has announced its intention to introduce GST in India. There is as yet no certainty regarding the exact date from which GST will come into effect. However, the tax may come into effect sometime in the 2012-13 financial year. Conceptually, the principal indirect taxes including VAT/CST, Service Tax and Central Excise, would be subsumed in GST.

REGISTRATION NUMBER

We are registered with the Accounting and Corporate Regulatory Authority (ACRA) under the registration number 200413169H.

SUMMARY OF OUR ARTICLES OF ASSOCIATION**Directors****(a) Ability of interested directors to vote**

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal whatsoever in which he or his associate (as defined under the Hong Kong Listing Rules) has any direct or indirect personal material interest, and he shall not be counted in the quorum present at a meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Fees payable to Non-Executive Directors shall be a fixed sum (not being a commission on or a percentage of our profits or turnover) as shall from time to time be determined by us in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Chief Executive Officer shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153 of the Singapore Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the Company or authorized to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in our Articles of Association.

Share rights and restrictions

We currently have one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders are recognized as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognized as our shareholders.

Issue of shares

Subject to applicable laws and the Articles of Association, no shares may be issued by the Directors without the prior approval of our Company by ordinary resolution. The Directors may, subject to applicable laws, our Articles of Association and to any special rights attached to any Shares for the time being issued, allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit and any Shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise as the Directors may think fit, provided that, among others, (subject to any direction to the contrary that may be given by our Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them.

Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a General Meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of profits available for distribution. We may capitalize any sum standing to the credit of any of our reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata among our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP or a clearing house (as defined in the Articles of Association) (as the case may be) of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP or a clearing house (as defined in the Articles of Association) (as the case may be), discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to us but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which we have a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Voting rights

A holder of our ordinary Shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, a resolution put to the vote of the meeting shall be decided by poll. Every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. For the purpose of determining the number of votes which a member, being a depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that depositor, be the number of shares entered against his name in the register of members or the depository register maintained by the CDP as at 48 hours before the time of the relevant general meeting as certified by the CDP or the Hong Kong share registrar (as the case may be) to the Company. In the case of a tie vote, the Chairman of the meeting shall be entitled to a casting vote.

Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. However, all annual general meetings shall be called by 21 days notice in writing at the least. The notice must be given to each of our shareholders who has a registered address in Singapore or Hong Kong (as the case may be) for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

Variation of rights of existing shares or classes of shares

Subject to the Singapore Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders who represent at least three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Articles of Association relating to our general meetings and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders who represent at least three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution passed at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

The relevant Article does not impose more significant conditions than the Singapore Companies Act in this regard.

Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote on their Shares.

Transfer of shares and replacement of share certificates

There shall be no restriction on the transfer of fully paid up Shares (except where required by law or the listing rules of any securities exchange upon which our Shares are listed) but our Directors may in their discretion decline to register any transfer of Shares upon which our Company has a lien and in the case of Shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (except where such refusal to register contravenes the listing rules of the securities exchange upon which the shares of our Company may be listed). If our Directors refuse to register a transfer of any Shares, they shall within ten market days after the date on which the transfer was lodged with our Company (or such period of time as may be prescribed by the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed), send to the transferor and to the transferee, written notice of the refusal stating reasons for the refusal as required by applicable law.

Our Directors may in their sole discretion refuse to register any instrument of transfer of Shares unless:

- (a) such fee not exceeding the lower of the maximum amounts prescribed by any securities exchange upon which our Shares may be listed as our Directors may from time to time require (which in any case shall not exceed S\$2.00) in accordance with the Articles of Association, is paid to our Company in respect thereof;

- (b) the instrument of transfer is deposited at the registered office of our Company or at such other place (if any) as our Directors may appoint accompanied by the certificates of the Shares to which the transfer relates, and such other evidence as our Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;
- (c) the instrument of transfer is in respect of only one class of Shares;
- (d) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid; and
- (e) our Directors reasonably believe that a transferee is not a “Non-Qualifying Person.” See the section “Appendix VIII – Summary of the Constitution of Our Company – Forced transfers or sales of Shares.”

Forced transfers or sales of Shares

Where the Company or the Directors determine, in their absolute discretion, or are of the opinion (but without imposing an obligation on them to so determine or opine) that Shares of our Company are being held, directly or indirectly, by any shareholder (each of the persons listed in (a) to (d) below, a “Non-Qualifying Person”):

- (a) whose ownership of Shares may cause our Company’s tax status or residence to be prejudiced or may cause our Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under the United States Employee Retirement Income Securities Act of 1974, as amended (“ERISA”)); or
- (b) whose ownership of Shares may cause our Company to be required to comply with any registration or filing requirements in any jurisdiction, with which it would not otherwise be required to comply; or
- (c) whose ownership of Shares may cause our Company to be required to register as an “investment company” under the United States Investment Company Act of 1940, as amended, and the rules thereunder (the “US Investment Company Act”); or
- (d) who is a US Person (as defined in Regulation S under the United States Securities Act of 1933, as amended) but is not a “qualified purchaser” within the meaning of Section 2(a)(51)(A) of the US Investment Company Act;

then, in each such case, our Company may at its option direct the Non-Qualifying Person to transfer the whole or a specified percentage of such Non-Qualifying Person’s Shares to a person who is not a Non-Qualifying Person and would not by reason of a transfer become a Non-Qualifying Person. If the required transfer is not effected within thirty (30) days after service of notice by our Company and such Non-Qualifying Person directed to transfer his Shares has not established to the reasonable satisfaction of the Board or the designated person within the Company (whose judgment shall be final and binding) that he is not a Non-Qualifying Person, the Shares concerned may be sold by our Company in any manner it thinks fit on behalf of the said shareholder. The consent of such shareholder for the transfer of his Shares by our Company is not required and, notwithstanding any provisions to the contrary in our Articles of Association, until such transfer is effected, the holder of such Shares will not be entitled to receive or exercise any rights, benefits or privileges (including without limitation voting rights, dividends or other distributions) attaching to such Shares, and the Company may deal with any such rights, benefits or privileges of such shareholder at its absolute discretion.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS**Singapore*****Property development and management***

We are subject to the relevant laws and regulations of Singapore relating to property development and management of property projects.

The Urban Redevelopment Authority (“URA”) monitors and controls the use of land in Singapore. All development projects require a written permission (“WP”) from the URA and the WP will outline the specific requirements or conditions for each individual development. In addition to obtaining the WP from the URA, we also need to apply for clearance from the various technical departments such as the Fire Safety & Shelter Department, Central Building Plan Unit (Pollution Control Department) and relevant departments in the Land Transport Authority, and subsequently obtain Building Plan Approval from the Building and Construction Authority. The development project shall then be built according to the WP and approved building plan and an approval will have to be sought if there are any deviations from the WP and approved building plan. A material change in the use of any building or land in Singapore will also require written permission from the URA.

REIT management

CMTML, the manager of CMT, and CRCTML, the manager of CRCT, each carry out the business of REIT management in Singapore to the extent that they manage real estate held by CMT and CRCT whether directly or via property holding entities.

On August 1, 2008, the Securities and Futures Act was amended to include REIT management as a regulated activity. The Securities and Futures (Licensing and Conduct of Business) Regulations and the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations have also been amended to set out the capital requirements and licence fees for REIT managers. The licensing framework and process for persons carrying out the business of REIT management is largely similar to that for persons conducting other regulated activities under the Securities and Futures Act. Unless exempted by the Authority, a person carrying out the business of REIT management is required to hold a capital markets services licence under Section 82 of the Securities and Futures Act. As the REIT Managers are corporations, their representatives (as defined in the Securities and Futures Act) would be required to hold representative licences under Section 83 of the Securities and Futures Act. CMTML and CRCTML have each obtained a capital markets services licence in respect of the management of CMT and CRCT, respectively.

In addition to the above, CMTML and CRCTML will have to comply with the applicable provisions of the Listing Manual, the Code on Collective Investment Schemes issued by the Authority (including the Property Fund Guidelines), the respective trust deeds, tax rulings and relevant contracts.

In respect of any new REITs we manage that are publicly listed, or available for investment by the general public, whether in Singapore or elsewhere, we expect that we will be required to be licensed in the relevant jurisdiction before we are able to manage the REIT.

Fund management

Each of CapitaMalls Japan Fund Management Pte. Ltd. (“CMJFM”), CapitaMalls India Fund Management Pte. Ltd. (“CMIFM”) and CapitaMalls China Fund Management Pte. Ltd. (“CMCFM”) carry on the business of fund management in Singapore pursuant to a licensing exemption under the Securities and Futures Act for providing fund management services to not more than 30 qualified investors (as defined in the Securities and Futures (Licensing and Conduct of Business) Regulations). For this purpose, CMJFM, CMIFM and CMCFM have each filed with the Authority a notification form prescribed by the

Authority to commence business as an exempt fund manager under the Securities and Futures Act. The MAS has confirmed that the exemptions apply to each of CMJFM, CMIFM and CMC FM, save that each of these entities must comply with the exemption criteria set out in the Securities and Futures (Licensing and Conduct of Business) Regulations at all times.

As exempt fund managers, CMJFM, CMIFM and CMC FM will have to file, on an ongoing basis, certain forms with the Authority. For example, each of these entities is required to submit to the Authority a notice in a prescribed form within 14 days of the date of change of particulars filed with the Authority, such as the appointment of a new director of the company. In addition, CMJFM, CMIFM and CMC FM will have to comply with certain regulations under the Securities and Futures Act including notices and guidelines issued by the Authority. These regulations essentially require CMJFM, CMIFM and CMC FM (i) to comply with applicable anti-money laundering legislation in Singapore, (ii) not to represent itself, or cause itself to be represented, as being licensed, regulated, supervised or registered by the Authority, whether verbally or in writing, and (iii) to comply with the Authority's Guidelines on Fit and Proper Criteria. Provided that CMJFM, CMIFM and CMC FM continue to meet the conditions for the exemptions, these exemptions will be valid until CMJFM, CMIFM and CMC FM file a notice of cessation of business under the Securities and Futures Act.

Singapore land system

Land in Singapore is divided into:

- (i) land registered under the Registration of Deeds Act, Chapter 269 of Singapore (the "Registration of Deeds Act") (Common Law System) which is also called "unregistered land"; and
- (ii) land registered under the Land Titles Act, Chapter 157 of Singapore (the "Land Titles Act") (Land Titles registration system or Torrens System) which is also called "registered land."

Both these systems of land registration are under the purview of the Singapore Land Authority, the statutory board which maintains the Register of Deeds under the Registration of Deeds Act and Land Register under the Land Titles Act.

Transfer of land under the Common Law system is governed by legal and equitable rules developed by the common law to deal with questions of priorities of interests. The Registration of Deeds Act provides that legal title to land passes when a deed is signed, sealed and delivered by the owner of the land. Registration under the Common Law system is not required for the valid transfer of title.

However, most deeds are registered as registration:

- (i) confers priority according to the date of registration as between instruments which are registered or registrable; and
- (ii) allows the deeds to be admissible in a court of law as evidence of title to land.

The Land Titles Registration system in Singapore is modeled after the Torrens system of Australia. Unlike the Common Law system, registration of dealings in land is compulsory under the Land Titles Act, as title to land is passed by registration. The Singapore Land Authority will issue a certificate of title to the owner of registered land, which will show, *inter alia*, the name of the owner (as the registered proprietor) and any encumbrances affecting the land.

In the last 20 years or so, the Singapore Land Authority has systematically been converting unregistered land into registered land. The majority of land in Singapore is today registered land.

It is customary for a purchaser or other parties interested in a property to conduct title searches with the Singapore Land Authority to trace the chain of ownership and to check whether the property is encumbered.

For unregistered land, the Conveyancing and Law of Property Act, Chapter 61 of Singapore, provides that for tracing of a good root of title, title must be deduced for at least 15 years prior to the date of tracing or the contract at hand.

For registered land, a search on the Land Register can be relied upon because of the following main characteristics of the effects of registration under the Land Titles Act:

- (i) Registration of a dealing in an interest in land is necessary for validity of the dealing.
- (ii) Once the title is registered, it is indefeasible except by other interests as provided in the Land Titles Act itself. The State guarantees the title. This guarantee goes not only to the title of the land but also to the actual physical area under that title.
- (iii) Where dealings cannot be registered, caveats may be filed to notify third parties of interests in the land. All that an intending purchaser need do under the Land Titles Registration system is to check the land register. He will be bound by the interests which are found there, and he will not be affected by interests not found on the land register.

Land tenure in Singapore

All land in Singapore is ultimately derived from the State. The State has the right to alienate land vested in it. There are different estates by which land may be held:

- (i) Estate in fee simple (commonly called Freehold estate);
- (ii) Leasehold estate; and
- (iii) Estate in perpetuity.

It is common for the State to alienate land by way of the issuance of State Leases. The President of the Republic of Singapore will grant to the lessee a leasehold estate for a fixed period of time, usually for a tenure of 30, 60 or 99 years. The State Lease contains various conditions and covenants, which the lessee is obliged to comply with. Common conditions and covenants include the payment of a land rent, the prohibition against subletting, assigning and mortgaging without the consent of the President of the Republic of Singapore and various restrictions on the use of land. The State, as the lessor under the State Lease, is entitled to exercise the right of re-entry if the lessee breaches or fails to perform any of the terms of the State Lease.

Administration of land in Singapore

The Singapore Land Authority is responsible for the management of State lands and buildings including the sale and leasing of State Land. Under the Government Land Sales programme, the Singapore Land Authority may appoint various land sales agents for the sale and leasing of State Land to meet demand arising from economic growth. These agents include statutory boards such as Jurong Town Corporation, the URA and the Housing & Development Board.

Strata subdivision

Where a property comprises a building developed on registered land, the units in the building can be subdivided and separate "strata title" may be allocated to the units under the Land Titles (Strata) Act, Chapter 158 of Singapore (the "Land Titles (Strata) Act"). Pursuant to the Land Titles (Strata) Act, a person can be the owner of a unit in the building. This is achieved by way of delineating areas of airspace in the building called "strata lots" pursuant to "strata title plans" approved by the Survey Department of the Ministry of Law. Separate subsidiary strata certificates of title in respect of the units in the building can be applied for and obtained from the Singapore Land Authority. The subsidiary strata certificates of title are then held by the owners or subsidiary proprietors of the units.

Apart from the units in the building, the strata title plans will also show various parts of the building and the land on which the building is constructed which do not form part of the strata lots (e.g. the common corridors, the lifts and the car parks) but which are used generally by all the owners of the units. These areas are called the “common property.” Statutes such as the Land Titles (Strata) Act and the Building Maintenance and Strata Management Act, Chapter 30C of Singapore (the “Building Maintenance and Strata Management Act”) provide for duties of maintenance of the common property by a body corporate called a “management corporation.” This is a body constituted under the provisions of the Land Titles (Strata) Act and is collectively made up of all the registered subsidiary proprietors/owners of the units in a building. The Building Maintenance and Strata Management Act sets out rules that govern the management of the properties and building maintenance. Under this Act, the owner or subsidiary proprietor has to pay maintenance charges on a periodic basis towards maintenance of common property in the building.

Development of land

Every development project requires a grant of WP from the URA. The WP will outline the specific requirements or conditions for the individual development. In addition to obtaining the WP, there is a requirement to apply for and subject to meeting technical clearances from various government bodies or statutory boards, obtain a building plan approval from the Building and Construction Authority. A development project has to be built according to the WP and the approved building plan. Approval will have to be sought if there are any deviations from the WP and approved building plan. Upon completion of the development project, a temporary occupation permit or a certificate of statutory completion must be obtained from the Building & Construction Authority before a building may be occupied.

State’s rights over land

In Singapore, pursuant to various statutes including the Land Acquisition Act, the State may compulsorily acquire land whenever any particular land is needed for any public purpose, by any person, corporation or statutory board, for any work or an undertaking which, in the opinion of the Minister of Law, is of public benefit, public utility, or in the public interest; or for any residential, commercial or industrial purpose. However, compensation is payable upon the acquisition of such land.

The compensation awarded pursuant to compulsory acquisition would be based on, amongst other considerations, (i) the market value of the acquired land as of the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire the said land is made by publication in the Government Gazette); and (ii) the market value of the acquired land as of the date of the publication in the Government Gazette of the declaration of intention to acquire the land.

Tenancies

The relationship between landlord and tenant is governed by common law. The tenant must be given exclusive possession for a definite period, the parties must intend to create a tenancy, and the tenancy must be made by deed in the English language. Subject to express provisions of the tenancy, the landlord is generally obliged to afford the tenant quiet enjoyment of the premises during the term of the tenancy while the tenant is obliged to pay rent and use the leased premises in a tenant-like manner and to yield up the premises at the end of the term to the landlord in a tenantable state and condition.

Stamp Duties Act, Chapter 312 of Singapore (the “Stamp Duties Act”)

In Singapore, stamp duty *ad valorem* is payable on documents relating to land, stocks and/or shares mentioned in the First Schedule to the Stamp Duties Act. These documents include conveyances and instruments of transfers of land and tenancy agreements. Under the Stamp Duties Act, a document which

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is not duly stamped is not admissible as evidence in court, and is as such unenforceable. Penalties are levied for the late payment of stamp duty. Unless there is an express provision to the contrary, a purchaser or tenant is liable for payment of stamp duty.

As part of measures to cool the residential property market in Singapore, the Government has imposed stamp duty on sellers of residential properties where the sellers acquired the properties:

- (i) on or after 20 February 2010 and sold within a holding period of one year thereafter;
- (ii) on or after 30 August 2010 and sold within a holding period of three years thereafter; or
- (iii) on or after 14 January 2011 and sold within a holding period of four years thereafter.

Treasury Shares

Maximum holdings

Under the Singapore Companies Act, the number of Shares held as treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

Voting and other rights

Our Company cannot exercise any right in respect of treasury Shares. In particular, our Company cannot exercise any right to attend or vote at meetings and for the purposes of the Singapore Companies Act, our Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

In addition, under the Singapore Companies Act, no dividend may be paid, and no other distribution of our Company's assets may be made, to our Company in respect of treasury Shares. However, the allotment of Shares as fully paid bonus Shares in respect of treasury Shares is allowed. Also, a subdivision or consolidation of any treasury Share into treasury Shares of a smaller or larger amount, as the case may be, is allowed so long as the total value of the treasury Shares after the subdivision or consolidation is the same as before.

Disposal and cancellation

Where Shares are held as treasury Shares, under the Singapore Companies Act, our Company may at any time:

- (a) sell the treasury Shares for cash;
- (b) transfer the treasury Shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury Shares; or
- (e) sell, transfer or otherwise use the treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Effect of treasury Shares

Where Shares are repurchased by our Company and held as treasury Shares, among other things, the total number of Shares outstanding would be reduced by the number of Shares bought back by our Company, and the appropriate adjustments would have to be made for the purpose of computing the earnings per Share. The number of treasury Shares held should be deducted from the number of Shares in issue when determining the weighted average number of Shares outstanding for the purpose of calculating the basic and diluted earnings per Share. Treasury Shares are excluded in the calculation of market capitalisation of our Company under the SGX Listing Manual.

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For the modifications to a number of HKEx Listing Rules which are necessary to enable our Company to hold our current and future treasury shares and are technical in nature, please see “Appendix II – Modifications of the HKEx Listing Rules” to this listing document.

Notifiable transactions and connected transactions

The Singapore and Hong Kong regulatory regimes on notifiable transactions and connected transactions are governed by similar general principles. The requirements relating to shareholders’ approval and preparation of a circular under the SGX Listing Manual are similar but not identical to the requirements under the HKEx Listing Rules.

Notifiable transactions

The rules under Chapter 14 of the HKEx Listing Rules relating to notifiable transactions are intended to keep the shareholders of an issuer informed of the ongoing operations of the issuer so that they can assess the impact of a particular transaction and vote on significant transactions. In addition, these rules also reinforce the general disclosure principle of price-sensitive information to keep the public apprised of the position of listed issuers and to avoid the establishment of a false market in the listed issuers’ securities. Similarly, Chapter 10 of the SGX Listing Manual contains rules relating to four categories of transactions, namely, non-discloseable transactions, discloseable transactions, major transactions and very substantial acquisitions or reverse takeovers. Under these rules, shareholders’ approval would be required for certain categories of transactions, thereby ensuring that shareholders would be able to exercise their voting rights for significant transactions which affect the issuer’s operations. The rules of Chapter 10 should be read together with the general principle of disclosure of material information which is necessary to avoid the establishment of a false market in the issuer’s securities or would be likely to materially affect the price or value of its securities, as stated in Rule 703 of the SGX Listing Manual.

The following is a summary of the provisions of the SGX Listing Manual relating to notifiable transactions.

Thresholds

Transactions are classified into four categories, depending on the size of the relative figures computed on the following bases:

- (a) The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets.
- (b) The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits.
- (c) The aggregate value of the consideration given or received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares.
- (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

The four categories of transactions are non-discloseable transactions, discloseable transactions, major transactions and very substantial acquisitions or reverse takeovers. A non-discloseable transaction is one where the relative figures computed on the bases above amount to 5% or less. A discloseable transaction is one where the relative figures computed on the bases above exceeds 5% but does not exceed 20%. A major transaction is one where all the relative figures computed on the bases above exceed 20%. A very substantial acquisition or reverse takeover is one where all the relative figures computed on the bases above are 100% or more.

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Shareholders' approval

Major transactions and very substantial acquisitions or reverse takeovers are subject to shareholders' approval. A circular containing the information in Rule 1010 of the SGX Listing Manual must be sent to all shareholders.

Circular requirements

Rule 1206 of the SGX Listing Manual states that any circular sent to shareholders must:

- (1) contain all information necessary to allow shareholders to make a properly informed decision or, if no decision is required, to be properly informed;
- (2) advise shareholders that if they are in any doubt as to any action they should take, they should consult independent advisers;
- (3) state that the SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in the circular;
- (4) comply with specific circular requirements in the SGX Listing Manual; and
- (5) include an appropriate statement if a person is required to abstain from voting on a proposal at a general meeting by a listing rule.

Rule 1010 of the SGX Listing Manual states the information which should be included in a circular to shareholders in relation to major transactions and very substantial acquisitions or reverse takeovers:

- (1) Particulars of the assets acquired or disposed of, including the name of any company or business, where applicable;
- (2) A description of the trade carried on, if any;
- (3) The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment;
- (4) Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof;
- (5) The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation;
- (6) In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition;
- (7) The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal;
- (8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year;
- (9) The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year;
- (10) The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction;
- (11) Whether any director or controlling shareholder (as defined in the SGX Listing Manual) has any interest, direct or indirect, in the transaction and the nature of such interests;
- (12) Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction; and
- (13) The relative figures that were computed on the bases set out in Rule 1006.

Connected transactions

The connected transactions rules in Chapter 14A of the HKEx Listing Rules are intended to guard against the risk that connected persons could take advantage of their positions and influence the issuer to enter

into connected transactions which adversely affect the interests of a listed issuer or its shareholders. These concerns are dealt with in Singapore under Chapter 9 of the SGX Listing Manual relating to interested person transactions.

Definition

Under Chapter 9 of the SGX Listing Manual, an interested person transaction is broadly defined as any transaction between (i) the issuer, its non-listed subsidiary or its associated company (as defined in the SGX Listing Manual) over which the issuer has control, and (ii) an interested person. Interested persons are broadly defined as the director, chief executive officer or controlling shareholders (as defined in the SGX Listing Manual) (holding at least 15% of the total number of issued shares excluding treasury shares in the issuer or who in fact exercises control over the issuer) of the issuer and their associates.

Shareholders' approval

Rule 906 of the SGX Listing Manual states that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than

- (i) 5% of the Group's latest audited net tangible assets, or
- (ii) 5% of the Group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year (save for transactions which have already been approved by shareholders).

Rule 906 of the SGX Listing Manual does not apply to any transaction below S\$100,000.

Rule 918 of the SGX Listing Manual states that shareholders' approval must be obtained prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. Rule 919 of the SGX Listing Manual states that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution.

Circular requirements

Rule 921 of the SGX Listing Manual states the information which should be included in a circular to shareholders in relation to interested person transactions:

- (1) details of the interested person transacting with the entity at risk, and the nature of that person's interest in the transaction.
- (2) details of the transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906) including relevant terms of the transaction, and the bases on which the terms were arrived at.
- (3) the rationale for, and benefit to, the entity at risk.
- (4) (a) an opinion in a separate letter from an independent financial adviser who is acceptable to the SGX-ST stating whether the transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906):
 - (i) is on normal commercial terms, and
 - (ii) is prejudicial to the interests of the issuer and its minority shareholders.
- (b) however, the opinion from an independent financial adviser is not required for the following transactions. Instead, an opinion from the audit committee in the form required in Rule 917(4)(a) must be disclosed:
 - (i) the issue of shares pursuant to Part IV of Chapter 8, or the issue of other securities of a class that is already listed, for cash.

- (ii) purchase or sale of any real property where:
 - the consideration for the purchase or sale is in cash;
 - an independent professional valuation has been obtained for the purpose of the purchase or sale of such property; and
 - the valuation of such property is disclosed in the circular.
- (5) an opinion from the audit committee, if it takes a different view to the independent financial adviser.
- (6) all other information known to the issuer or any of its directors, that is material to shareholders in deciding whether it is in the interests of the issuer to approve the transaction. Such information includes, from an economic and commercial point of view, the true potential costs and detriments of, or resulting from, the transaction, including opportunity costs, taxation consequences, and benefits forgone by the entity at risk.
- (7) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.
- (8) Where the issuer accepts a profit guarantee or a profit forecast (or any covenant which quantifies the anticipated level of future profits) from the vendor of businesses/assets, the information required in Rules 1013(1) and 1013(2), and a statement confirming that it will comply with Rule 1013(3).

Continuing obligations on disclosure of material information

Rule 703 of the Listing Manual

Rule 703 of the Listing Manual states that our Company must announce any information known to our Company concerning it or any of our subsidiaries or associated companies which:

- (a) is necessary to avoid the establishment of a false market in our securities; or
- (b) would be likely to materially affect the price or value of our securities.

Rule 703 does not apply to information which it would be a breach of law to disclose.

Rule 703 also does not apply to particular information while each of the following conditions applies.

Condition 1: a reasonable person would not expect the information to be disclosed;

Condition 2: the information is confidential; and

Condition 3: one or more of the following applies:

- (i) the information concerns an incomplete proposal or negotiation;
- (ii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- (iii) the information is generated for the internal management purposes of the entity;
- (iv) the information is a trade secret.

In complying with the disclosure requirements of the SGX-ST, our Company must (a) observe the Corporate Disclosure Policy set out in Appendix 7.1 of the SGX Listing Manual, and (b) ensure that its directors and executive officers are familiar with the SGX-ST's disclosure requirements and Corporate Disclosure Policy.

The SGX-ST will not waive any requirements under Rule 703.

Share buybacks

Maximum number of shares

Under Section 76B of the Singapore Companies Act, our Company may purchase or otherwise acquire shares issued by it if it is expressly permitted to do so by our Articles of Association. Only Shares which

are issued and fully paid-up may be purchased or acquired by our Company. The total number of Shares which may be purchased or acquired by our Company shall not exceed 10% of the total number of issued Shares of our Company as at the date of the last annual general meeting of our Company held before any resolution passed pursuant to the Singapore Companies Act or as at the date of such resolution relating to the share buyback, whichever is the higher, unless (i) our Company has, at any time during the relevant period, reduced its share capital by a special resolution under the Singapore Companies Act or the Singapore courts have at any time during the relevant period, made an order under the Singapore Companies Act confirming the reduction of share capital of our Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of our Company or the order of the Singapore courts, as the case may be. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the extraordinary general meeting at which a share buyback mandate (the “Share Buyback Mandate”) is approved, up to:

- (a) the date on which the next annual general meeting is held or required by law to be held; or
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by our Shareholders in a general meeting; or
- (c) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on our Directors by the Share Buyback Mandate to purchase Shares may be renewed by our Shareholders in any general meeting of our Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of our Shareholders for the Share Buyback Mandate, our Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

Manner of purchase

Our Company may purchase or acquire Shares by way of:

- (a) on-market purchases (“Market Purchases”), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“Off-Market Purchases”) effected pursuant to an equal access scheme.

Under the Singapore Companies Act, an Off-Market Purchase must, however, satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend

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entitlements, differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable) and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the SGX Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Takeovers Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases.

Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses (“related expenses”)) to be paid for a Share will be determined by our Directors.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares in the case of a Market Purchase must not exceed 105% of the Average Closing Price (as defined hereinafter) excluding related expenses.

For the above purposes:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days.

Status of purchased shares

A Share purchased or acquired by our Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by our Company as a treasury share. At the time of each purchase of Shares by our Company, our Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of our Company at that time. The total number of Shares will be diminished by the number of Shares purchased or acquired by our Company and which are not held as treasury shares. All Shares purchased or acquired by our Company (other than treasury shares held by the Company to the extent permitted under the Singapore Companies Act) will be automatically de-listed by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

Summary of salient provisions of the laws of Singapore applicable to our shareholders

The following summarises the salient provisions of the laws of Singapore applicable to our shareholders as at the date of this listing document. The summaries below are for general guidance only and do not constitute legal advice, nor must they be used as a substitute for specific legal advice, on the corporate laws of Singapore. Additionally, prospective investors and/or our shareholders should also note that the laws applicable to our shareholders may change, whether as a result of proposed legislative reform to the laws of Singapore or otherwise. Prospective investors and/or our shareholders should consult their own legal advisers for specific legal advice concerning their legal obligations under the relevant laws.

*Takeover obligations*Offences and Obligations Relating to Take-oversSection 140 of the SFA

Section 140 of the SFA provides that a person shall not give notice or publicly announce that he intends to make a take-over offer if (a) he has no intention to make a take-over offer; or (b) he has no reasonable or probable grounds for believing that he will be able to perform his obligations if the take-over offer is accepted or approved, as the case may be. A person who contravenes section 140 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 7 years or to both.

Obligations under the Singapore Takeovers Code and the consequences of non-complianceObligations under the Singapore Takeovers Code

The Singapore Takeovers Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Takeovers Code.

“Parties acting in concert” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- (a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company and its pension funds and employee share schemes;

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- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;
- (e) a financial or other professional advisers and its clients in respect of Shares held by the advisers and persons controlling, controlled by or under the same control as the advisers and all the funds managed by the advisers on a discretionary basis, where the shareholdings of the advisers and any of those funds in the client total 10.0% or more of the client's equity share capital;
- (f) directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- (g) partners; and
- (h) an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

In the event that one of the abovementioned trigger-points is reached, the person acquiring an interest (the "Offeror") must make a public announcement stating the terms of the offer and its identity. The Offeror must post an offer document not earlier than 14 days and not later than 21 days from the date of the offer announcement. An offer must be kept open for at least 28 days after the date on which the offer document was posted.

The Offeror may vary the offer by offering more for the shares or by extending the period in which the offer remains open. If a variation is proposed, the Offeror is required to give a written notice to the offeree company and its shareholders, stating the modifications made to the matters set out in the offer document. The revised offer must be kept open for at least another 14 days. Where the consideration is varied, shareholders who agree to sell before the variation are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of Shares that triggered the mandatory offer obligation.

Under the Singapore Takeovers Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Consequences of non-compliance with the requirements under the Singapore Takeovers Code

The Singapore Takeovers Code is non-statutory in that it does not have the force of law. Therefore, as provided in section 139(8) of the SFA, a failure of any party concerned in a take-over offer or a matter connected therewith to observe any of the provisions of the Singapore Code shall not of itself render that party liable to criminal proceedings. However, the failure of any party to observe any of the provisions of the Singapore Takeovers Code may, in any civil or criminal proceedings, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings.

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Section 139 further provides that where the Securities Industry Council has reason to believe that any party concerned in a take-over offer or a matter connected therewith is in breach of the provisions of the Singapore Takeovers Code or is otherwise believed to have committed acts of misconduct in relation to such take-over offer or matter, the Securities Industry Council has power to enquire into the suspected breach or misconduct. The Securities Industry Council may summon any person to give evidence on oath or affirmation, which it is thereby authorised to administer, or produce any document or material necessary for the purpose of the enquiry.

Reporting obligations of directors

Section 164 of the Singapore Companies Act

A company is required to keep a register showing with respect to each director of the company particulars of the following interests (the “Interests”):

- (a) shares in that company or in a related corporation, being shares of which the director is a registered holder or in which he has an interest and the nature and extent of that interest;
- (b) debentures of or participatory interests made available by the company or a related corporation which are held by the director or in which he has an interest and the nature and extent of that interest;
- (c) rights or options of the director or of the director and another person or other persons in respect of the acquisition or disposal of shares in the company or a related corporation; and
- (d) contracts to which the director is a party or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in the company or in a related corporation.

Sections 165 of the Singapore Companies Act

A director of a company is required to notify the company of (A) his Interests or (B) any changes to his Interests. In the case of (A), the notification to the company shall be given within **two business days** after the date he became a director or the date on which he became a registered holder of or acquired his Interest, and in the case of (B), within **two business days** after the date he became a director or the occurrence of the event giving rise to the change in his Interests.

Sections 166 of the Singapore Companies Act

Where a director of a company is required to notify the company of a matter under Section 165 of the Singapore Companies Act, and that matter relates to shares or debentures listed on a securities exchange (as defined in the SFA), the director is also required to notify the securities exchange of that matter within the same period.

Consequences of non-compliance under the Singapore Companies Act

Sections 165(9) and 166(2) of the Singapore Companies Act respectively provide for the consequences of non-compliance with sections 165 and 166 of the Singapore Companies Act and state that any director who fails to comply with the obligations under Sections 165 or 166 of the Singapore Companies Act, as the case may be, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$15,000 or to imprisonment for a term not exceeding three years and, in the case of a continuing offence, to a further fine of S\$1,000 for every day during which the offence continues after conviction.

Reporting obligations of shareholders

Reporting obligations under the Singapore Companies Act

Section 81 of the Singapore Companies Act

A person has a substantial shareholding in a company if he has an “interest” in voting shares in the company, and the total votes attached to those shares is not less than 5.0% of the total votes attached to all the voting shares in the company.

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Section 82 of the Singapore Companies Act

A substantial shareholder of a company (as defined under the Singapore Companies Act) is required to notify the company in writing of his name, address and full particulars of his “interests” in the voting shares in the company within **two business days** after becoming a substantial shareholder.

Sections 83 and 84 of the Singapore Companies Act

A substantial shareholder (as defined under the Singapore Companies Act) is required to notify the company in writing of changes in the “percentage level” of his shareholding or his ceasing to be a substantial shareholder within **two business days** after he is aware of such changes or within **two business days** after he ceases to be a substantial shareholder, as the case may be.

The reference to changes in “percentage level” means any changes in a substantial shareholder’s interest in the company which results in his interest, following such change, increasing or decreasing to the next discrete 1.0% threshold. For example, an increase in interests in the company from 5.1% to 5.9% need not be notified, but an increase from 5.9% to 6.1% will have to be notified.

Consequences of non-compliance under the Singapore Companies Act

Section 89 of the Singapore Companies Act

Section 89 of the Singapore Companies Act provides for the consequences of non-compliance with sections 82, 83 and 84. Under section 89, a person who fails to comply shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and in the case of a continuing offence to a further fine of S\$500 for every day during which the offence continues after conviction.

Section 90 of the Singapore Companies Act

Section 90 of the Singapore Companies Act provides for a defence to a prosecution for failing to comply with sections 82, 83 or 84. It is a defence if the defendant proves that his failure was due to his not being aware of a fact or occurrence the existence of which was necessary to constitute the offence and that he was not so aware on the date of the summons; or he became so aware less than 7 days before the date of the summons. However, a person will conclusively be presumed to have been aware of a fact or occurrence at a particular time (a) of which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware at that time; or (b) of which an employee or agent of the person, being an employee or agent having duties or acting in relation to his master’s or principal’s interest or interests in a share or shares in the company concerned, was aware or would, if he had acted with reasonable diligence in the conduct of his master’s or principal’s affairs, have been aware at that time.

Powers of the court with respect to defaulting substantial shareholders

Section 91 of the Singapore Companies Act

Section 91 of the Singapore Companies Act provides that where a substantial shareholder fails to comply with sections 82, 83 or 84, the Court may, on the application of the Minister, whether or not the failure still continues, make one of the following orders:

- (a) an order restraining the substantial shareholder from disposing of any interest in shares in the company in which he is or has been a substantial shareholder;
- (b) an order restraining a person who is, or is entitled to be registered as, the holder of shares referred to in paragraph (a) from disposing of any interest in those shares;

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- (c) an order restraining the exercise of any voting or other rights attached to any share in the company in which the substantial shareholder has or has had an interest;
- (d) an order directing the company not to make payment, or to defer making payment, of any sum due from the company in respect of any share in which the substantial shareholder has or has had an interest;
- (e) an order directing the sale of all or any of the shares in the company in which the substantial shareholder has or has had an interest;
- (f) an order directing the company not to register the transfer or transmission of specified shares;
- (g) an order that any exercise of the voting or other rights attached to specified shares in the company in which the substantial shareholder has or has had an interest be disregarded; or
- (h) for the purposes of securing compliance with any other order made under this section, an order directing the company or any other person to do or refrain from doing a specified act.

Any order made under this section may include such ancillary or consequential provisions as the Court thinks just. The Court may not make an order other than an order restraining the exercise of voting rights, if it is satisfied (a) that the failure of the substantial shareholder to comply was due to his inadvertence or mistake or to his not being aware of a relevant fact or occurrence; and (b) that in all the circumstances, the failure ought to be excused. Any person who contravenes or fails to comply with an order made under this section that is applicable to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and, in the case of a continuing offence, to a further fine of S\$500 for every day during which the offence continues after conviction.

Reporting obligations under the SFA

Section 137(1) of the SFA

A substantial shareholder (as defined under the Singapore Companies Act) is also required to give the above notifications to the SGX-ST at the same time. A person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares in the company, and the total votes attached to that share, or those shares, is not less than 5 per cent of the total votes attached to all the voting shares in the company.

The Securities and Futures (Amendment) Act 2009 (the “Amendment Act”) was gazetted on February 23, 2009 and will, *inter alia*, migrate the substantial shareholder disclosure requirements to the Securities and Futures Act. The amendments affecting substantial shareholder disclosure requirements have yet to take effect.

Once these amendments take effect, a substantial shareholder of our Company (as defined under the Singapore Companies Act) will no longer be required to notify the SGX-ST of his interests, or changes in his interests, in voting Shares of our Company. Instead, a substantial shareholder (as defined under the Singapore Companies Act) need only give notice to our Company and our Company will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which our Company received the notice.

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While the definition of an “interest” in our voting Shares for the purposes of substantial Shareholder disclosure requirements under the SFA is similar to that under the Singapore Companies Act, the SFA provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting Shares. In addition, the deadline for a substantial shareholder (as defined under the Singapore Companies Act) to make disclosure to our Company under the SFA will be changed to two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a substantial shareholder (as defined under the Singapore Companies Act);
- of any change in the percentage level in his interest; or
- that he had ceased to be a substantial shareholder (as defined under the Singapore Companies Act),

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Consequences of non-compliance under the SFA

Section 137(2) of the SFA

Section 137(2) of the SFA provides for the consequences of non-compliance with section 137(1) of the SFA. Under 137(2), a person who fails to comply shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$25,000 and in the case of a continuing offence, to a further fine of S\$2,500 for every day or part thereof during which the offence continues after conviction.

The Amendment Act

Pursuant to section 42 of the Amendment Act, new penalty provisions will be introduced into the SFA, in respect of non-compliance with disclosures which will be required from directors, chief executive officers and substantial shareholders of corporations with a primary listing on the SGX-ST. Under the new penalty provisions, directors, chief executive officers and substantial shareholders of corporations with a primary listing on the SGX-ST if found to have (i) intentionally or recklessly contravened the disclosure requirements or intentionally or recklessly provided any information which he knows is false or misleading in a material particular, he could, upon conviction, be liable to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding two years or both and in the case of a continuing offence, and to a further fine of S\$25,000 for every day (or part thereof) during which the offence continues after conviction and (ii) contravened the disclosure requirements or provided any information which is false or misleading in a material particular, could, upon conviction, be liable to a fine not exceeding S\$25,000, and in the case of a continuing offence, to a further fine of S\$2,500 for every day (or part thereof) during which the offence continues after conviction. The new penalty provisions will also allow the Monetary Authority of Singapore, with the consent of the Public Prosecutor, to bring an action in court to seek an order for a civil penalty in lieu of proceedings in relation to the aforementioned penalties. If convicted, the court may order the person to pay a civil penalty of a sum not lesser than S\$50,000 but not exceeding S\$2 million.

Duty not to furnish false statements to securities exchange, futures exchange, designated clearing house and Securities Industry Council of Singapore

Section 330 of the SFA

Section 330 of the SFA provides that any person who, with intent to deceive, makes or furnishes, or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report to a securities exchange, futures exchange, designated clearing house or any officers thereof relating to dealing in securities shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 2 years or to both. Section 330 further provides that any person who, with intent to deceive, makes or furnishes or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report to the Securities Industry Council or any of its officers, relating to any matter or thing required by the Securities Industry Council in the exercise of its functions under the SFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 2 years or to both.

Obligation to disclose beneficial interest in the voting shares of the company

Section 92 of the Singapore Companies Act

Section 92 of the Singapore Companies Act provides that a company which has all of its shares listed on a stock exchange in Singapore may require any member to inform it whether the member holds the voting shares in the company as beneficial owner or trustee, and in the latter, who the beneficiaries are. If the member discloses that he is holding the shares on trust for another party, the company may additionally require the other party to inform it whether the other party holds the interests as beneficial owner or as trustee and if the latter, for whom. A listed company also has the right to require the member to inform it of any voting agreement that he may have in relation to the shares held by him.

Consequences of non-compliance

Section 92 of the Singapore Companies Act

Sections 92(6) and 92(7) of the Singapore Companies Act provide that the failure to comply with a notice requiring disclosure of information is an offence, unless it can be shown that the information was already in the possession of the company or that the requirement to give it was frivolous or vexatious. A person who deliberately or recklessly makes a statement that is false in a material particular in compliance to a request for information under section 92 is also guilty of an offence, and is likewise liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 2 years.

Prohibited conduct in relation to trading in the securities of the company

Prohibitions against false trading and market manipulation

Section 197 of the SFA

Section 197 of the SFA prohibits (i) the creation of a false or misleading appearance of active trading in any securities on a securities exchange; (ii) the creation of a false or misleading appearance with respect to the market for, or price of, any securities on a securities exchange; (iii) affecting the price of securities by way of purchases or sales which do not involve a change in the beneficial ownership of those securities; and (iv) affecting the price of securities by means of any fictitious transactions or devices.

Section 197(3) of the SFA provides that a person is deemed to have created a false or misleading appearance of active trading in securities on a securities market if he does any of the following acts:

- (i) if he effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of any securities, which does not involve any change in the beneficial ownership of the securities;

- (ii) if he makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or
- (iii) if he makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price, unless he establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in securities on a securities market.

Section 197(5) of the SFA provides that a purchase or sale of securities does not involve a change in the beneficial ownership if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

Section 197(6) of the SFA provides a defence to proceedings against a person in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities. It is a defence if the defendant establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

Prohibition against securities market manipulation

Section 198 of the SFA

Section 198(1) of the SFA provides that no person shall carry out directly or indirectly, 2 or more transactions in securities of a corporation, being transactions that have, or likely to have, the effect of raising, lowering, maintaining or stabilising the price of the securities with intent to induce other persons to purchase them. Section 198(2) of the SFA provides that transactions in securities of a corporation includes (i) the making of an offer to purchase or sell such securities of the corporation; and (ii) the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities of the corporation.

Prohibition against the manipulation of the market price of securities by the dissemination of misleading information

Sections 199 and 202 of the SFA

Section 199 of the SFA prohibits the making of false or misleading statements. Under this provision, a person shall not make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for securities; (b) to induce the sale or purchase of securities by other persons; or (c) to have the effect of raising, lowering, maintaining or stabilising the market price of securities, if, when he makes the statement or disseminates the information, he either does not care whether the statement or information is true or false, or knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Section 202 of the SFA prohibits the dissemination of information about illegal transactions. This provision prohibits the circulation or dissemination of any statement or information to the effect that the price of any securities of a corporation will rise, fall or be maintained by reason of transactions entered into in contravention of sections 197 to 201 of the SFA. This prohibition applies where the person who is circulating or disseminating the information or statements (i) is the person who entered into the illegal

transaction; or (ii) is associated with the person who entered into the illegal transaction; or (iii) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit of circulating or disseminating the information or statements.

Prohibition against fraudulently inducing persons to deal in securities

Section 200 of the SFA

Section 200 of the SFA prohibits a person from inducing or attempting to induce another person to deal in securities, (a) by making or publishing any statement, promise or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular, unless it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

Prohibition against employment of manipulative and deceptive devices

Section 201 of the SFA

Section 201 of the SFA prohibits (i) the employment of any device, scheme or artifice to defraud; (ii) engaging in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person; and (iii) making any statement known to be false in a material particular or (iv) omitting to state a material fact necessary to make statements made not misleading, in connection with the subscription, purchase or sale of any securities.

Prohibition against the dissemination of information about illegal transactions

Section 202 of the SFA

Section 202 of the SFA prohibits the circulation or dissemination of any statement or information to the effect that the price of any securities of a corporation will rise, fall or be maintained by reason of any transaction entered into or to be entered into in contravention of sections 197 to 201 of the SFA. This prohibition applies where the person who is circulating or disseminating the information or statements (i) is the person who entered into the illegal transaction; or (ii) is associated with the person who entered into the illegal transaction; or (iii) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit of circulating or disseminating the information or statements.

Prohibition against insider trading

Sections 218 and 219 of the SFA

Sections 218 and 219 of the SFA prohibit persons from dealing in securities of a corporation if the person knows or reasonably ought to know that he is in possession of information that is not generally available, which is expected to have a material effect on the price or value of securities of that corporation. Such persons include substantial shareholders of a corporation or a related corporation, and persons who occupy a position reasonably expected to give him access to inside information by virtue of professional or business relationship by being an officer or a substantial shareholder of the corporation or a related corporation, or any other person in possession of inside information. For an alleged contravention of section 218 or 219, section 220 makes it clear that it is not necessary for the prosecution or plaintiff to prove that the accused person or defendant intended to use the information referred to in section 218(1)(a) or (1A)(a) or 219(1)(a) in contravention of section 218 or 219, as the case may be.

Section 216 of the SFA

Section 216 of the SFA provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities.

Penalties

Section 232 of the SFA

Section 232 of the SFA provides that the Monetary Authority of Singapore may, with the consent of the Public Prosecutor, bring an action in a court against the offender to seek an order for a civil penalty in respect of any contravention. If the court is satisfied on the balance of probabilities that the contravention resulted in the gain of a profit or avoidance of a loss by the offender, the offender may have to pay a civil penalty of a sum (a) not exceeding 3 times the amount of the profit that the person gained; or the amount of the loss that he avoided, as a result of the contravention; or (b) equal to S\$50,000 if the person is not a corporation, or S\$100,000 if the person is a corporation, whichever is the greater. If the court is satisfied on a balance of probabilities that the contravention did not result in the gain of a profit or avoidance of a loss by the offender, the court may make an order against him for the payment of a civil penalty of a sum not less than S\$50,000 and not more than S\$2 million.

Section 204 of the SFA

Any person who contravenes sections 197, 198, 201 or 202 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 7 years or to both under section 204 of the SFA. Section 204 of the SFA further provides that no proceedings shall be instituted against a person for the offence after a court has made an order against him for the payment of a civil penalty under section 232 in respect of the contravention.

Section 221 of the SFA

Any person who contravenes section 218 or 219 of the SFA, is guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 7 years or to both under section 221 of the SFA. Section 221 of the SFA further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of section 218 or 219 of the SFA after a court has made an order against him for the payment of a civil penalty under section 232 of the SFA in respect of that contravention.

China

The following discussion summarizes the principal laws, regulations, policies and administrative directives to which we are subject.

The PRC legal system

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed in June 1981, the Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

The PRC judicial system

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the same level and at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC adopted in April 1991 and amended on October 28, 2007 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The

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parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection can not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. There are time limits (two years) imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

Establishment of a real estate development enterprise

According to the PRC Law on Administration of Urban Real Estate (城市房地產管理法), or Urban Real Estate Law, promulgated by the National People's Congress, effective in January 1995, amended in August 2007, a real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council in July 1998, as amended in January 2011, an enterprise that is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Under the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄) promulgated by MOFCOM and NDRC in October 2007,

- the joint development of a whole land lot with the PRC partners, as well as the construction and operation of high-end hotels, villas, premium office buildings and international conference centers fall within the category of industries in which foreign investment is subject to restrictions, and
- other real estate development falls within the category of industries in which foreign investment is permitted.

A foreign investor intending to engage in the development and sale of real estate in China may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise by the foreign investor in accordance with the PRC laws and administrative regulations governing foreign-invested enterprises.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries (關於調整部分行業固定資產投資項目資本金比例的通知) issued by the State Council in April 2004, the portion of capital-account funding for real estate projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above. However, pursuant to the Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets (關於調整固定資產投資項目資本金比例的通知) issued by the State Council in May 2009, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects has been reduced to 20%, while that for other real estate projects has been decreased to 30%.

In July 2006, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued an Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見). According to this Opinion, the admittance and administration of foreign capital in the property market must comply with the following requirements:

- Foreign institutions or individuals who buy property not for their own use in China should follow the principle of “commerce existence” and apply for the establishment of foreign-invested enterprises (“FIREEs”) pursuant to the regulations of foreign investment in property. After obtaining the approvals from relevant authorities and upon completion of the relevant registrations, foreign institutions and individuals can then carry on their business pursuant to their approved business scope.
- Where the total investment amount of a foreign-invested property enterprise is US\$10 million or more, its registered capital shall be no less than 50% of the total investment amount; where the total investment amount is less than US\$10 million, its registered capital shall follow the requirements of the existing regulations.
- For establishment of a FIREE, the commerce authorities and the administration for industry and commerce shall be responsible of the approval and registration of the FIREE and the issuance of a temporary approval certificate for a foreign-invested enterprise (which is only effective for one year) and a temporary business license. Upon full payment of the land grant fee for the land-use rights, the foreign-invested property enterprise should apply for the “Certificate of Land-Use Rights.” With such Certificate of Land-Use Rights, it can obtain a formal Approval Certificate for a Foreign-Invested Enterprise from the commerce authorities and a formal business license which the same approved business term as the formal Approval Certificate for Foreign-Invested Enterprise.
- Transfer of projects or equity interests in FIREEs or acquisitions of domestic property enterprises by foreign investors should strictly follow the relevant laws, regulations and policies and obtain the relevant approvals. The investor should submit: (a) a written undertaking of fulfillment of the “State-owned land-use rights Grant Contract”, “Construction Land Planning Permit” and “Construction Work Planning Permit”; (b) “Certificate of Land-Use Rights”; (c) documents evidencing the filing for modification with the construction authorities; and d) documents evidencing the payment of tax from the relevant tax authorities.

- When acquiring domestic property enterprises by way of shares transfer or otherwise or purchasing shares from Chinese parties in Sino-foreign equity joint ventures, foreign investors should make proper arrangements for the employees, handle the debts of the banks and pay the consideration in one single payment with its own capital. Foreign investors with records showing that they have not complied with relevant employment laws, with unsound financial track records, or who have not fully satisfied any previous acquisition consideration shall not be allowed to undertake the aforementioned activities.

On August 14, 2006, the General Office of MOFCOM enacted the Notice on Relevant Issues Concerning the Carrying out Circular on Standardizing the Admittance and Administration of Foreign Capital in the Property Market (關於貫徹落實〈關於規範房地產市場外資准入和管理的意見〉有關問題的通知). According to the notice, if the total investment of a FIREE exceeds US\$3 million, the registered capital must not be less than 50% of the total investment; if the total investment is less than or equal to US\$3 million, the registered capital must not be less than 70% of the total investment. When a foreign investor who merges with or acquire a domestic property development enterprise by acquiring equity from other Chinese shareholders of a FIREE or by other means, the original employees of the merged companies must be arranged properly, bank debts must be settled and the entire consideration for the transfer must be paid off within three months after the earlier of the issuance of the business license or the effective date of the equity transfer agreement.

In May 2007, MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強規範外商直接投資房地產業審批和監管的通知), or Circular 50, which made the following requirements for approval and supervision of foreign investment in real estate:

- foreign investment in the real estate sector in the PRC relating to high-grade properties should be strictly controlled;
- before obtaining approval for the setup of FIREEs, (i) both the land use right certificates and housing ownership right certificates should be obtained or, (ii) contracts for obtaining land use rights or housing ownership rights should be entered into;
- existing foreign invested enterprises need to obtain approval before they expand their business operations into the real estate sector and existing FIREEs need to obtain new approval in case they expand their real estate business operations;
- acquisitions of domestic real estate enterprises and foreign investment in real estate sector in a way of round trip investment should be strictly regulated. Foreign investors should not avoid approval procedures by changing actual controlling persons;
- parties to real estate enterprises with foreign investment should not in any way guarantee a fixed investment return;
- registration shall be immediately effected according to applicable laws with the MOFCOM regarding to the setup of FIREEs approved by local governmental authorities;
- foreign exchange administration authorities and banks authorized to conduct foreign exchange business should not effectuate foreign exchange settlements regarding capital account items to those which fail to file with the MOFCOM or fail to pass the annual reviews; and
- for those FIREEs, which are wrongfully approved by local authorities for their setups, (i) the MOFCOM should carry out investigation, order punishment and corrections, and (ii) foreign exchange administrative authorities should not carry out for them foreign exchange registrations.

In July 2007, SAFE issued a Notice on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with MOFCOM (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), or Notice 130, together with a list of FIREEs that had effected their filings with MOFCOM.

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According to Notice 130, SAFE will no longer process foreign debt registrations or applications by FIREEs for permission to purchase foreign exchange to service their foreign debt if such FIREEs have not obtained their approval certificates from the government before June 1, 2007. As a result of Notice 130, unless the approval certificate of an FIREE as of May 31, 2007 contained an aggregate investment amount, which includes its registered capital and foreign debt amount, sufficient to permit foreign currency to be injected into its operations in China, such FIREE effectively will no longer be able to borrow foreign debt including shareholder loans and overseas commercial loans to finance their operations in China. It can only use its capital contributions instead. SAFE further provided in its Notice 130 that it will not process any foreign exchange registration (or change of such registration) or application for settlement of foreign currency under capital account by any FIREE if it has obtained the relevant approval certificates from local government authorities on or after June 1, 2007 but has not completed its filing with MOFCOM.

In connection with the filing requirement, On June 18, 2008, the MOFCOM issued the Notice on Properly Archiving the Filings for Foreign Investment in Real Estate Sector (關於做好外商投資房地產備案工作的通知). According to the notice, since July 1, 2008, the MOFCOM entrusts its provincial level branches to review the filing materials with respect to FIREEs and check and confirm the legality, authenticity and accuracy of the materials. The MOFCOM will archive the filing after receiving the archival form duly completed and submitted by the provincial level branches. The notice also requires that the establishment (including the increase of registered capital) of a FIREE shall comply with the project company principle of engaging in one approved real estate project only.

Moreover, in November 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加強外商投資房地產審批備案管理的通知), which provides that, among other things, in the case that a real estate enterprise is established within the PRC with oversea capital, it is prohibited to purchase and/or sell real estate properties completed or under construction within the PRC for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management.

According to the Several Opinions of the State Council on Further Strengthening the Utilization of Foreign Investment (國務院關於進一步做好利用外資工作的若干意見), promulgated by the State Council in April 2010, and the Notice on Delegation of Power of Approval for Foreign Investment Projects (關於做好外商投資項目下放核准權限工作的通知), promulgated by NDRC in May 2010, except where approval by the relevant departments under the State Council is required by the Investment Project Catalogue, foreign investment in encouraged and permitted industries with a total investment of less than US\$300 million will be examined and approved by NDRC's branches at the provincial level. Pursuant to the Notice on Issues Related to Delegation of Powers of Examination and Approval of Foreign Investment to Authorities at Lower Levels (關於下放外商投資審批權限有關問題的通知), promulgated by MOFCOM in June 2010, MOFCOM's branch at the provincial level is responsible for the examination and approval of establishments and changes of foreign-invested enterprises in encouraged or permitted industries with a total investment of less than US\$300 million and with a total investment of less than US\$50 million in restricted industries.

Qualifications of a real estate developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定), or the Provisions on Administration of Qualifications, promulgated by MOHURD in March 2000, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. MOHURD oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of MOHURD. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 square meters subject to confirmation by the construction authorities at the provincial level.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the real estate development authority will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year from its date of issue and may be extended for not more than two additional years with the approval of the real estate development authority. The real estate developer must apply for qualification classification to the real estate development authority within one month before expiration of the provisional qualification certificate.

Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer should be subject to annual inspection. The construction authority under the State Council or the entrusted institution is responsible for carrying out the annual inspection of a class 1 real estate developer's qualification. Procedures for annual inspection of developers of a class 2 or lower qualification shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

Development of a real estate project

Under the Catalog for Guidance on Industries for Foreign Investment promulgated by MOFCOM and NDRC in October 2007, foreign investments are restricted in the development of a whole land lot and the construction and operation of high-end hotels, villas, premium office buildings and international conference centers in China; and foreign investments are permitted in other real estate developments. According to the Interim Provisions on Approving Foreign Investment Project (外商投資項目核准暫行管理辦法) promulgated by NDRC in October 2004, approval of NDRC is required for foreign investment projects with total investment of US\$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US\$50 million or more within the category of foreign investments subject to restrictions. Other foreign investments in China will require only local approval. Specifically, the local authorities may examine and approve foreign investment projects with total investment less than US\$100 million within the category of encouraged or permitted foreign investments and those with total investment less than US\$50 million within the category of foreign investments subject to restrictions. Furthermore, after examination by NDRC, approval of State Council is required for foreign investment projects with total investment of US\$500 million or more within the category of encouraged or permitted foreign investments and those with total investment of US\$100

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million or more within the category of foreign investments subject to restrictions. In addition, the projects subject to restrictions should be approved by the development and reform authority at provincial level. In July 2008, NDRC issued the Notice on Further Reinforcing and Regulating the Administration of Foreign Investment Projects (關於進一步加強和規範外商投資項目管理的通知), which further requires that the capital-increase and reinvest projects of the foreign-invested enterprises shall get the approval from NDRC or its local counterpart.

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (城鎮國有土地使用權出讓和轉讓暫行條例) promulgated by the State Council in May 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Sites (建設用地審查報批管理辦法) promulgated by the Ministry of Land and Resources in March 1999 which was further amended in November 2010, and the Measures for Administration of Preliminary Examination of Construction Project Sites (建設項目用地預審管理辦法) promulgated by the Ministry of Land and Resources in July 2001, as amended in October 2004 and November 2008. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by MOHURD in December 1992, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法) promulgated by the National People's Congress in October 2007 and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations for the Expropriation of and Compensation for Housing on State-owned Land (國有土地上房屋徵收與補償條例) promulgated and came into effect in by the State Council in January of 2011, with regard to the expropriation of the housing of entities and individuals on the State-owned land, the owners of the housing being expropriated shall be offered a fair compensation for the need of public interest.

The compensation offered by the people's governments at municipal and county levels that make the housing expropriation decision to the parties with housing being expropriated includes: (1) compensation for the value of the housing being expropriated; (2) compensation for relocation and temporary settlement caused by expropriation of housing; and (3) compensation for the loss arising from the suspension of production and operation caused by expropriation of housing.

The amount of compensation for the value of the housing being expropriated shall not be less than the market price of the real estate similar to the housing being expropriated on the announcement date of the housing expropriation decision. The value of the housing being expropriated shall be appraised and determined by a real estate price appraisal institution with corresponding qualification according to the housing expropriation appraisal measures. A party that objects to the value of the housing being expropriated appraised and determined may apply to the real estate price appraisal institution for review of the appraisal. A party that objects to the review result may apply to the real estate price appraisal expert committee for authentication.

The parties with housing being expropriated may choose monetary compensation, or may choose to exchange the property right of the housing. If the parties with housing being expropriated choose to exchange the property right of the housing, the people's governments at municipal and county levels shall provide housing used for the exchange of property right, and calculate and settle the difference between the value of the housing being expropriated and the value of the housing used for the exchange of the property right. If the residential housing of an individual is expropriated due to the renovation of the old urban district and the individual chooses to exchange for the property right of the housing in the area being renovated, the people's governments at municipal and county levels that make the housing expropriation decision shall provide the housing in the area being renovated or the nearby area.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by MOHURD in October 1999, as amended in July 2001. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on November 17, 2007, before commencement of construction, all kinds of projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permit or report.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and implemented the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例), which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings (民用建築節能條例), which reduces the energy consumption of civil buildings and improves the efficiency of the

energy utilization. According to this regulation, the design and construction of new buildings must meet the mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result in no neither commencement of construction or acceptance upon completion. Among other things, this regulation sets forth additional requirements for property developers in the sale of commodity buildings in this respect. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施竣工驗收暫行規定) promulgated by MOHURD in June 2000, and file with the construction authority at or above the county level where the project is located within 15 days after the construction is qualified for the acceptance examination according to the Provisional Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD in April 2000, as amended in October 2009. The developer must also report details of the acceptance examination according to the Interim Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD in April 2000, as amended in October 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each phase upon completion.

In China, there are two registers of property interests. Land registration is effected by the issue of land use right certificates by the relevant authorities to the land users. Land use rights may be assigned, mortgaged or leased. The building registration is effected by the issue of property ownership certificates to the property owners. Property or building ownership rights are only related to the building or improvements erected on the land. Under the PRC laws and regulations, all land use rights and property ownership rights that are duly registered are protected by law. Most cities in China maintain separate registries for the registration. However, Shenzhen, Shanghai, Guangzhou and some other major cities have a consolidated registry for both land use rights and the property ownership interests for the building erected on the relevant land.

Land for property development

In April 1988, the National People's Congress amended the PRC Constitution to permit the transfer of land use rights in accordance with the laws and regulations. In December 1988, the National People's Congress amended the Land Administration Law (土地管理法) to permit the transfer of land use rights in accordance with the laws and regulations.

Under the Urban Real Estate Law, those who have obtained the land use rights by assignment must develop the land in accordance with the use and period of commencement as prescribed by the contract for the land-use right assignment. According to the Measures on the Disposal of Idle Land 《閒置土地處置辦法》, promulgated by the Ministry of Land and Resources on April 28, 1999, a parcel of land can be defined as idle land under any of the following circumstances:

- after obtaining the land-use rights, the development and construction of the land has not begun within the time limit for commencement of the development as stipulated without the consent of the people's government the originally approved the use of the land;
- the land grant contract or the approval for construction does not prescribe the date of starting the development and construction, and the development and construction of the land has not begun at the expiry of one year from the day when the land grant contract became effective or when the land authorities issued the approval letter;
- the development and construction of the land has begun, but the area developed and constructed is less than one third of the total area to be developed and the invested amount is less than 25% of the total amount of investment, and development and construction has been continuously suspended for one year without approval; or

- other circumstances prescribed by laws and regulations.

County-level municipal administrative authorities may, with regard to an identified piece of idle land, give notice to the land user and issue a proposal on disposing the idle land, including, but not limited to, extending the time period for development and construction (provided that it is no longer than one year), changing the use of the land, arranging for temporary use and ascertaining the new land user by competitive bidding, public auction or listing-for-sale. The county-level land administrative authorities may, after the original review and approval authority has approved the proposal, arrange for the implementation of the proposal. With respect to any land obtained by assignment and within the scope of city planning, if the construction work has not yet started after one year from the granting of the relevant approvals, a fine for idle land at 20% of the assignment price may be imposed on the land user. If the construction work has not begun after two years have elapsed, the right to use the land can be taken back by the state without any compensation. However, the above sanctions may not apply if the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction.

On January 3, 2008, the State Council issued a Notice on Promoting the Economic Use of Land 《關於促進節約集約用地的通知》 with respect to the collection of additional land premium, establishment of a land utilization priority planning scheme and the formulation of a system for assessing the optimal use of land and other measures. The notice calls for the full and effective use of existing construction land and the preservation of farm land. The notice also emphasized the enforcement of the current rules on assessing idle land fees at a rate equal to 20% of the land premium for any land left idle for over one year but less than two years. The notice also establishes additional land premium surcharges on idle land and authorizes the Ministry of Land and Resources to formulate regulations to implement such surcharges. The notice further urges financial institutions to exercise caution when they process loan applications from property developers that have failed to commence construction, to complete development of at least one-third of the land area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice indicated that the relevant governmental authorities will formulate and issue additional rules and regulations on these matters.

The Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land 《關於嚴格建設用地管理促批而未用土地利用的通知》 in August 2009, which reiterates the above rules on idle land.

Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation. Under the Regulations on the Grant of State-owned Land Use Rights Through Public Tender, Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources (招標拍賣掛牌出讓國有土地使用權規定) in May 2002 and amended in September 2007, land for commercial use, tourism, entertainment and commodity housing development must be granted by public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land parcel and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. Over the years, the Ministry of Land and Resources has promulgated further rules and regulations to define the various circumstances under which the state-owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement.

Under the Regulation on Grant of State-owned Land Use Rights by Agreements 《協議出讓國有土地使用權規定》 promulgated by the Ministry of Land and Resources on June 11, 2003, except for the project that must be granted through tender, auction and listing as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the benchmark land price.

In September 2003, the Ministry of Land and Resources promulgated the Notice on Strengthening the Land Supply Management and Promoting the Sustainable Sound Development of Real Estate Market 《關於加強土地供應管理促進房地產市場持續健康發展的通知》, which provides that land supply for luxury commodity housing must be strictly controlled. On May 30, 2006, the Ministry of Land and Resources promulgated an Urgent Notice on Currently Strengthening Further Strict Land Management 《關於當前進一步從嚴土地管理的緊急通知》, which provides that land grant for real estate development must be conducted via invitation for bids, auction and listing, and land supply for low to medium-priced and/or small to medium-sized ordinary commercial residential housing (including affordable housing) and for low-rental residential housing must be given priority, and land supply for low-density and/or large-sized residential housing must be strictly restricted. In addition, the notice provides that land supply for new villa project must be suspended.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land 《關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》 issued by the General Office of the State Council on April 29, 2004 restated the principle of strict administration of the approval process for the construction land and protection of the basic farmlands.

The Notice on Issues Relating to Strengthening the Land Control 《關於加強土地調控有關問題的通知》 promulgated by the State Council on August 31, 2006 sets forth the administration of the receipt and disbursement of the land premium, modifies the tax policies relating to the construction land, and builds up the system of publicity for the standards of the lowest price with respect to the granted state-owned land use right.

In March 2007, the National People's Congress adopted the PRC Property Rights Law 《中華人民共和國物權法》, which became effective on October 1, 2007. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise prescribed by any law, the owner of construction land use rights has the right to transfer, exchange, and use such land use rights as equity contributions or collateral for financing. If the state takes the premises owned by entities or individuals, it must compensate the property owners in accordance with law and protect the lawful rights and interests of the property owners.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing for-sale 《招標拍賣掛牌出讓國有建設用地使用權規定》 to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In October 2007, the Standing Committee of National People's Congress promulgated the PRC City and Countryside Planning Law 《中華人民共和國城鄉規劃法》, pursuant to which, a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

In November 2007, the Ministry of Land and Resources, the Ministry of Finance and PBOC jointly promulgated the Administration Measures on Land Reserve 《土地儲備管理辦法》, pursuant to which, local authorities should reasonably decide the scale of land reserve in accordance with the macro-control of the land market. Those idle, unoccupied, and low-efficient state-owned construction land inventory shall be used as land reserve in priority.

In December 2007, the Ministry of Land and Resources promulgated the Rules on Land Registration 《土地登記辦法》, which further stresses payment in full of the land premium prior to the application for the registration of state-owned construction land use rights.

In November 2009, the Ministry of Land and Resources issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (2006 Version Supplement) and the Catalog for Prohibited Land Use Projects (2006 Version Supplement) 《關於印發《限制用地項目目錄《2006年本增補本》》和《禁止用地項目目錄《2006年本增補本》》的通知》, as a supplement to its 2006 version. In this Circular, the Ministry of Land and Resources has set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant 《關於進一步加強土地出讓收支管理的通知》. The notice raises the minimum down-payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

In March 2010, the Ministry of Land and Resources promulgated the Notice on Issues Regarding Strengthening Control and Monitor of Real Estate Land Supply 《關於加強房地產用地供應和監管有關問題的通知》. According to the notice, at least 70% of total land supply must be provisioned for affordable housing, redevelopment of shanty towns and small/medium residential units for self-use and the land supply for large residential units will be strictly controlled and while land supply for villa projects will be banned. The notice also requires that the lowest land grant price must be at least 70% of the basic land price in which the granted land is located and the real estate developers' bid deposit should be at least 20% of the lowest land grant price. The land grant contract must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium will be 50% and must be paid within one month after the execution of the land grant contract. The remainder of the land grant payment must be paid in accordance with the agreement within one year. If the land grant contract is not executed in accordance with the requirement above, the land cannot be handed over and the deposit will not be returned. If no land grant premium is paid after the execution of the land grant contract, the land must be withdrawn.

In September 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development 《關於進一步加強房地產用地和建設管理調控的通知》, which stipulated, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders (as defined under PRC laws) are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets 《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》, which provides, among other things, that: (i) cities and counties that have less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium

residential units must not provide land for large-sized and high-end housing before the end of this year; (ii) land and resource authorities in local cities and counties will report to Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) land designated for affordable housing which is used for property development against relevant policies or involved illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, changing the plot ratio without approval is strictly prohibited.

Transfer of real estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate 《城市房地產轉讓管理規定》 promulgated by MOHURD in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and
- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes.

If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, *inter alia*, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Assignment of Land for commercial use, tourism, entertainment and commodity housing development must be conducted through public tender, auction or listing-for-sale under the current PRC laws and regulations.

Leases of buildings

Under the PRC laws and the Measures for Administration of Leases of Buildings in Urban Areas 《城市房屋租賃管理辦法》 promulgated by MOHURD in May 1995, parties to a lease of a building must enter into a lease contract in writing. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

APPENDIX IX DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

The Measures for Administration of Leases of Buildings in Urban Areas 《城市房屋租賃管理辦法》 was abolished by MOHURD on February 1, 2011, and a new Measures for Administration of Leases of Commodity Houses 《商品房屋租賃管理辦法》 was promulgated on December 1, 2010, and effective on February 1, 2011. The system of mandatory registration of leases remains the same, with new punishment been adopted. According to the new Measures for Administration of Leases of Commodity Houses 《商品房屋租賃管理辦法》 requires the parties to register the leases within 30 days after entering into leasing contracts. Otherwise, competent authority may first ask the parties to register, and then fine up to RMB100,000 on entities and RMB1,000 for natural person.

Mortgages of real estate

Under the PRC Urban Real Estate Administration Law 《中華人民共和國城市房地產管理法》 promulgated by the Standing Committee of the National People's Congress in July 1994 and amended in 2007, the PRC Security Law 《中華人民共和國擔保法》 promulgated by the National People's Congress in June 1995, and the Measures for Administration of Mortgages of Urban Real Estate 《城市房地產抵押管理辦法》 promulgated by MOHURD in May 1997, as amended in August 2001, when mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the certificates evidencing the rights and ownership to the real estate.

The PRC Property Rights Law promulgated in March 2007 that became effective in October 2007 further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

According to the PBOC Notice on Regulating Home Financing Business 《關於規範住房金融業務的通知》 promulgated in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Property development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital may not be less than 30% of the total investment required for the project, the project must have obtained the land use rights certificate, construction land planning permit, construction works planning permit and construction permit.
- In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the collateral may never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the property must have achieved the stage of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise apartment buildings.
- In respect of the grant of individual commercial use building mortgage loans, the mortgage ratio for commercial use building mortgage loans may not exceed 60% with a maximum loan period of 10 years and the subject commercial use building already completed.

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The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area of 90 square meters or more in May 2006. The initial capital outlay requirement was subsequently increased to 35% by CBRC in August 2004 pursuant to its Guidance on Risk Management of Property Loans Granted by Commercial Banks 《商業銀行房地產貸款風險管理指引》.

In a Circular on Facilitating the Continuously Healthy Development of Property Market 《關於促進房地產市場持續健康發展的通知》 issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures on the lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

In September 2007, PBOC and CBRC promulgated a Circular on Strengthening the Management of Commercial Real Estate Credit Loans 《關於加強商業性房地產信貸管理的通知》, with a supplement issued in December 2007. The circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time home owner, increasing the minimum amount of down payment to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square meters or more and the purchaser is buying the property as its own residence;
- for a second-time home buyer, increasing (i) the minimum amount of down payment to 40% of the purchase price of the underlying property and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate. If a member of a family (including the buyer, his/her spouse and their children under 18) has financed the purchase of a residential unit, any member of the family that buys another residential unit with bank loans will be regarded as a second-time home buyer;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate, (iv) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are given certain flexibility based on its risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property, with the other terms to be decided by reference to commercial properties; and
- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to the projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

In September 2010, PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies 《關於完善差別化住房信貸政策有關問題的通知》,

which provides, among other things, that all property companies with records of being involved in abuse of land, changing the use of land, postponing the construction commencement or completion date, hoarding properties or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

Real estate management

According to the Regulation on Property Management 《物業管理條例》 enacted by the State Council on June 8, 2003, effective September 1, 2003, and as amended on August 26, 2007, the government implements a qualification scheme system in monitoring the property service enterprises. Under the Measures for the Administration of Qualifications of Property Service Enterprises 《物業服務企業資質管理辦法》 promulgated by MOHUR in March 2004 and amended in November 2007, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authorities. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property service without completion of such qualification assessment conducted by the relevant government authorities with a qualification certificate obtained.

According to the above MOHUR measures, the qualification of a property service enterprise is classified into three classes. Property service enterprises with class one qualification may undertake various real estate management projects. Property service enterprises with class two qualification may undertake the property management business of residential projects of less than 300,000 square meters and the non-residential projects of less than 80,000 square meters. Property service enterprises with class three qualifications may undertake the property management business of residential projects of less than 200,000 square meters and non-residential projects under 50,000 square meters. MOHUR is responsible for the issuance and administration of class one qualification certificates. The MOHUR authorities at provincial level governments are responsible for the issuance and administration of class two qualification certificates. Designated MOHUR or similar authorities at lower governments are charged with the issuance and administration of class three qualification certificates.

Qualifications of property service enterprises are subject to inspections on an annual basis. Such annual inspections on the property service enterprises of varied classes of qualifications are conducted by the corresponding MOHUR authorities with jurisdiction of initial qualification examination and approval.

In accordance with the above-mentioned Regulation on Property Management and the Property Rights Law, owners in a property project may engage or dismiss its property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the project.

Insurance

There is no mandatory provision under the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of nonperformance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

Environmental protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law 《中華人民共和國環境保護法》, the PRC Prevention and Control of Noise Pollution Law 《中華人民共和國環境噪聲污染防治法》, the PRC Environmental Impact Assessment Law 《中華人民共和國環境影響評價法》 and the PRC Administrative Regulations on Environmental Protection for Development Projects 《中華人民共和國建設項目環境保護管理條例》. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

Foreign exchange controls

Under the PRC Foreign Currency Administration Rules 《中華人民共和國外匯管理條例》 promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

In October 2005, SAFE issued a Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies 《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》. According to the notice, a special purpose company refers to an offshore company established or indirectly controlled by PRC residents for the special purpose of carrying out financing of their assets or equity interest in PRC domestic enterprises. Prior to establishing or assuming control of a special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. The notice applies retroactively. These PRC residents must also amend the registration with the relevant SAFE branch in the following circumstances: (1) the PRC residents have completed the injection of equity investment or assets of a domestic company into the special purpose company; (2) the overseas funding of the special purpose company has been completed; (3) there is a material change in the capital of the special purpose company. Under the rules, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the violator, including restrictions on the payment of dividends and other distributions to its offshore parent company, and may also subject the violators to penalties under the PRC foreign exchange administration regulations.

APPENDIX IX DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

In August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises 《關於完善外商投資企業外匯資金支付結匯管理有關業務操作問題的通知》, or Circular No. 142. Pursuant to Circular No. 142, a foreign-invested enterprise's Renminbi fund received from the settlement of its foreign currency capital must be used within the business scope as approved by the government authority that approved the establishment of such foreign-invested enterprise, and such Renminbi fund cannot be used for domestic equity investment unless it is otherwise provided for.

Mainland China taxation

Because we are not incorporated in mainland China, your investment in our shares is largely exempt from PRC tax laws, except as disclosed in the section entitled “Risk Factors – Risks Relating to Our Business – Our non-China entities may be classified as a “China tax resident enterprise” for China Corporate Income Tax purposes, which could result in unfavourable tax consequences to us and our Shareholders.” But because a large portion of our business operations are in mainland China and we carry out these business operations through operating subsidiaries and joint ventures organized under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in our shares.

Dividends from our PRC operations

Under the PRC tax laws effective prior to January 1, 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the PRC Enterprise Income Tax Law and its implementation rules that became effective on January 1, 2008, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

Under the PRC Enterprise Income Tax Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the PRC Enterprise Income Tax Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Our operations in mainland China

Our subsidiaries and joint ventures through which we conduct our business operations in mainland China are subject to PRC tax laws and regulations.

Deed Tax. Under the PRC Interim Regulation on Deed Tax 《中華人民共和國契稅暫行條例》, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions. In October 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Property Transactions 《關於調整房地產交易環節稅收政策的通知》, pursuant to which, since November 1, 2008, the rate of deed tax has been reduced to 1% for a first-time home buyer of an ordinary residence with a unit floor area less than 90 square meters; individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax. However, the aforesaid preferential policy regarding deed tax has been replaced by the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Individual Income Tax Incurred in Transfer of Real Property 《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》 jointly promulgated by Ministry of Finance, the State Administration of Taxation and MOHURD on September 29, 2010, pursuant to which, in the case that an individual purchases an ordinary house which is the only house for the family (including the purchaser, the spouse and minor children), deed tax is reduced by half; in the case that an individual purchases an ordinary house with an GFA of 90 square meters or below which is the only house for the family, deed tax is levied at a rate of 1%.

Enterprise Income Tax. Prior to the PRC Enterprise Income Tax Law, or the EIT Law, and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the PRC Enterprise Income Tax Law, effective from January 1, 2008, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises. The PRC Enterprise Income Tax Law and its implementation rules provide certain relief to enterprises that were established prior to March 16, 2007, including (1) continuously enjoying the preferential income tax rate during a five-year transition period if such enterprises are entitled to preferential income tax rate before the effectiveness of the PRC Enterprise Income Tax Law; (2) continuously enjoying the preferential income tax rate until its expiry if such enterprises are entitled to tax holidays for a fixed period under the relevant laws and regulations. However, where the preferential tax treatment has not commenced due to losses or accumulated loss not being fully offset, such preferential tax treatment shall be deemed to commence from January 1, 2008 and expire on December 31, 2013. In addition, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable. However, under the PRC Enterprise Income Tax Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the PRC Enterprise Income Tax Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

According to the Notice on the Prepayment of Enterprise Income Tax of the Real Estate Development Enterprises 《關於房地產開發企業所得稅預繳問題的通知》 issued by the State Taxation Bureau on January 1, 2008 and effective on April 1, 2008, where a real estate development enterprise prepays the corporate income tax by quarter (or month) according to the current actual profit, for the incomes generated from the advance sale prior to the completion of such development products as the dwelling houses, commercial houses and other buildings, fixtures, supporting establishments etc., which are developed and built by the real estate development enterprise, the tax prepayment thereof must be paid by calculating the estimated profit, which is calculated by quarter (or month) according to the preset estimated profit rate and incorporated into the total profit, and it must be readjusted according to the actual profit after the development products are completed and the tax costs are settled.

APPENDIX IX DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

On March 6, 2009, State Taxation Bureau issued the Notice on the Measure Dealing with Income Tax of Enterprise Engaged in Real Estate Development 《房地產開發經營業務企業所得稅處理辦法》 effective on January 1, 2008, which specifically stipulates the rules regarding tax dealing cost of income, tax dealing of cost deduction, verification of calculated tax cost and tax dealing on certain item with respect to the real estate development enterprise according to the EIT Law and its implementation rules.

On May 12, 2010, State Taxation Bureau promulgated the Notice on the Confirmation of Completion Conditions for Development of Products by Property Development Enterprises 《關於房地產開發企業開發產品完工條件確認問題的通知》, which provides that a property will be deemed as completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put in use. Property developers must conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

Business Tax. Under the PRC Interim Regulation on Business Tax 《中華人民共和國營業稅暫行條例》 of 1994, as amended in 2008, services in mainland China are subject to business tax. Taxable services include sale of real property in mainland China. Business tax rate is between 3% to 20% depending on the type of services provided. Sale of real properties and other improvements on the land attract a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant local tax authorities.

On May 30, 2006, the State Administration of Taxation issued the Notice on Relevant Issues of Strengthening Administration of Collection of Real Estate Business Tax 《關於加強住房營業稅徵收管理有關問題的通知》. According to the notice, from June 1, 2006, business tax will be imposed on the full amount of the sale income, upon the transfer of a residential house by an individual within five years from the purchase date. In the case of a residence other than an ordinary residence, business tax will be imposed on the difference between the sale income and the purchase price, provided that the transfer occurs after five years from the purchase date.

Land Appreciation Tax. Under the PRC Interim Regulation on Land Appreciation Tax 《中華人民共和國土地增值稅暫行條例》 of 1994, as amended in January 2011, and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the deductible items that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

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The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared to the “deductible items” as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items.	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises), where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estate taken over and repossessed according to laws due to the construction requirements of the state; and
- Due to redeployment of work or improvement of living standard, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities’ approval.

According to a notice issued by the Ministry of Finance in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before January 1, 1994; and
- first time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the land grant contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

The State Administration of Taxation issued a further notice in July 2002 to require local tax authorities to require prepayment of LAT on basis of proceeds from pre-sale of real estate.

In December 2006, the State Administration of Taxation issued a Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises 《關於房地產開發企業土地增值稅清算管理有關問題的通知》, which came into effect on February 1, 2007. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax 《土地增值稅清算管理規程》, which come into force in June 1, 2009.

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In May 2010, the State Administration of Taxation issued the Circular on Settlement of Land Appreciation Tax 《關於土地增值稅清算有關問題的通知》 to strengthen the settlement of LAT. The circular clarifies certain issues with respect to the calculation and settlement of LAT, such as (i) the recognition of the revenue upon the settlement of LAT; and (ii) the deduction of fees incurred in connection with the property development.

In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax 《關於加強土地增值稅徵管工作的通知》, which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region of China, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the property type.

Urban Land Use Tax. Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land 《中華人民共和國城鎮土地使用稅暫行條例》 promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10 per square meter. An amendment by the State Council in December 2006 changed the annual tax rate to between RMB0.6 and RMB30 per square meter of urban land.

Buildings Tax. Under the PRC Interim Regulations on Buildings Tax 《中華人民共和國房產稅暫行條例》 promulgated by the State Council in September 1986, buildings tax applicable to domestic enterprises is 1.2% if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the rental.

And according to the Notice on Issues Relating to Assessment of Buildings Tax against Foreign-invested Enterprises and Foreign Individuals 《關於對外資企業及外籍個人徵收房產稅有關問題的通知》, the foreign-invested enterprises, foreign enterprises and foreign individuals are to be levied the same as domestic enterprise.

Stamp Duty. Under the PRC Interim Regulations on Stamp Duty 《中華人民共和國印花稅暫行條例》 promulgated by the State Council in August 1988, as amended in January 2011, for property transfer instruments, including those in respect of property ownership transfers, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of RMB5 per item.

Municipal Maintenance Tax. Under the PRC Interim Regulations on Municipal Maintenance Tax 《中華人民共和國城市維護建設稅暫行條例》 promulgated by the State Council in 1985, taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax are required to pay municipal maintenance tax calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation in February 1994, the municipal maintenance tax is not applicable to foreign invested enterprises for the time being, until further explicit stipulations are issued by the State Council.

In October 2010, the State Council issued the Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals 《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》, pursuant to which, from December 1, 2010, municipal maintenance tax is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises 《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》 promulgated by the Ministry of Finance and the State Administration of Taxation in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Education Surcharge. Under the Interim Provisions on Imposition of Education Surcharge 《徵收教育費附加的暫行稅條例》 promulgated by the State Council in April 1986 and amended in 1990 and in August 2005, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. The Education Surcharge rate is 3% calculated on the basis of consumption tax, value-added tax and business tax. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation in February 1994 and the Supplementary Circular Concerning Imposition of Education Surcharge issued by the State Council in October 1994, the education surcharge is not applicable to foreign invested enterprises the time being.

Pursuant to the aforesaid Unification of Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals 《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》, from December 1, 2010 an education surcharge is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the aforesaid Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises 《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》, foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Malaysia

The Malaysian land system

Land law in Malaysia is premised on the Torrens system of South Australia (also known as the System of Titles and Interests by Registration). However, the deed system still governs some lands in the state of Penang and Malacca. The National Land (Penang and Malacca Titles) Act 1963 was enacted to govern such lands and to convert the deed system in Penang and Malacca to the Torrens system used under the National Land Code 1965 (“NLC”). Land matters generally lie within the jurisdiction of state governments as provided for in the Federal Constitution (“Constitution”)_but the Constitution specifically provides for federal legislation in such matters for the purposes of ensuring uniformity of law and policy in various aspects of land matters. Such powers of the Federal Constitution are not exercisable with regard to the States of Sabah and Sarawak. There are currently four primary pieces of legislation governing land law in Malaysia, namely:

- (a) the NLC;
- (b) the National Land Code (Penang & Malacca Titles) 1963;
- (c) Sarawak Land Code (Cap 81); and
- (d) Sabah Land Ordinance (Cap 68).

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The operation of these statutes is supplemented by the various subsidiary legislation such as the various state land enactments and ordinances in force in the respective States in Malaysia.

The National Land Code (Penang & Malacca Titles) Act 1963 makes provisions for the conversion of the system of registration of deeds (as opposed to the Torrens system of registration) practiced prior to 1966 to the Torrens system as provided for in the NLC. The structure of land in Sabah and Sarawak is similar to that provided for in the NLC.

Under the Sarawak Land Code, land is classified into:

- (a) mixed zone land;
- (b) native area land;
- (c) interior area land;
- (d) native customary land; and
- (e) reserved land.

Under the Sabah Land Ordinance, land is divided into:

- (a) crown land (consisting of Town and Country lands); and
- (b) native land.

The NLC provides that such Code shall not (except where it is expressly provided to the contrary) affect the provisions of more specific statutes such as:

- (a) any law relating to Malay reservations or Malay holdings;
- (b) the Land (Group Settlement Areas) Act 1960;
- (c) any law relating to mining;
- (d) any law relating to sultanate lands;
- (e) any law relating to wakaf (relating to the endowment of property for religious and/or other public purposes in accordance with Islamic teachings) or bait-ul-mal (an Islamic non-profit financial organization providing benefits to community members and organizations);
- (f) any law relating to customary tenure;
- (g) the Terengganu Settlement Enactment 1356;
- (h) the Padi Cultivators (Control Rent and Security of Tenure) Ordinance 1955; and
- (i) the Kelantan Land Settlement Ordinance 1955.

Powers of the State Authority

The State Authority is vested with the entire property in all State lands.

The State Authority refers to the Ruler or Governor of the State, as the case may be and “state land” refers to all land in the state other than land that has already been alienated or reserved (whether as forest or otherwise) or mining land.

In relation to State land, the State has the power to:

- (a) alienate land;
- (b) grant leases of reserve land for a specific purpose not exceeding 21 years;
- (c) permit temporary occupation of land;
- (d) permit the extraction and removal of rock material from land;

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- (e) permit the use of air space on or above land; and
- (f) dispose of underground land.

Of the various methods of disposal of land, the power to alienate is the most common.

According to the NLC, the State has power to alienate land for either:

- (a) a term not exceeding 99 years (commonly referred to as leasehold); or
- (b) in perpetuity (commonly referred to as freehold).

The alienation of land by the State is subject to certain conditions such as:

- (a) payment of annual rent;
- (b) payment of premium (this is subject to exemption by the State Authority);
- (c) category of land use; and
- (d) restrictions in interest which may be imposed by the State Authority.

Alienated land that is subject to leasehold interests shall upon the expiry of the lease revert to the State. However, it is possible to extend the leasehold interest by applying for an extension of the leasehold period and paying a premium to the State.

Land use

Land use under the Malaysian Torrens system may be subject to restrictions and conditions imposed by the State Authority. These conditions serve as a means for control of land use. Specific conditions may relate to the categories of land use. Land in Malaysia is divided into three general categories of land use, namely agricultural, industrial and building. Each category of land use is subject to implied conditions. Failure to comply with express or implied conditions of land use may result in the forfeiture of land by the State. Where lands are alienated pursuant to the NLC, such category of land use shall be endorsed on the document of title when any land is alienated by the State Authority. However, the State Authority may, on approving the alienation of any land, direct that no category of land use be endorsed on the document of title if the State Authority is satisfied that the use thereof could be more appropriately controlled by imposition of express conditions. The proprietor of any alienated land may apply to the State Authority for the alteration of any category of land use to which the land is for the time being subject, or where it is not so subject, for the imposition of any category. In addition to general categories of land use, titles to land may also specify specific uses of the land. In the case of agricultural land, the land titles may specify that the land is to be cultivated with a particular crop. Non-compliance with conditions of title may result in the forfeiture of land.

Dealings in land

Lands alienated by the State may be transferred, leased and charged. Easements (commonly known as “rights of way”) may also be created on such lands. However, restrictions on transfers may be imposed, such as in cases where the transfer involves estate land to two or more persons without the prior approval of the Estate Land Board. The rationale for this is to discourage the fragmentation of estate lands. The NLC governs the dealings in land and interest in land (which in the context of the NLC includes a registered lease, charge or easement as well as a statutory lien or a tenancy exempt from registration created in respect thereof).

Dealings under the NLC may be divided into:

- dealings capable of registration which are transfers, charges, leases and easements; and
- dealings not capable of registration which are tenancies exempt from registration and statutory liens which are protected by way of an endorsement and the entry of a lien-holder’s caveat.

Under the NLC, no instrument effecting any dealing with respect to alienated lands and interests will be effective to transfer the title or interest to any person until it has been duly registered. Under Malaysian laws, a person is only deemed a legal owner of a real property when the title or interest in the real property is duly registered in his/her name.

Indefeasibility of Title

Upon registration, the party in whose favor the registration has been effected will obtain an indefeasible title to or interest in the land (Section 340(1) of the NLC), that is, a title or interest which is free of all adverse claims or encumbrances that is not noted on the register. Section 340(1) of the NLC provides immunity to a legal owner against any adverse claim to his/her land where his/her title or interest is duly registered.

Such immunity against adverse claim, however, not absolute, and can be defeated under certain circumstances including fraud or forgery, or where the registered title or interest is obtained by the use of an insufficient or void instrument or where the title or interest is unlawfully acquired. If any of the exceptions to the right to immunity exists, a registered title or interest may be set aside or defeated by one with a superior claim.

Leases and tenancies

The NLC distinguishes tenancies from leases. Tenancies may be granted for terms not exceeding three years. There is no registration requirement for tenancies under the NLC. Interests of a tenant under a tenancy exempt from registration can be protected by way of an endorsement on the document of title to the land. The proprietor of any alienated land (whether freehold or leasehold) may grant leases of the whole or any part thereof. A lease granted must be more than three years and

- up to 99 years if it relates to the whole of the land; or
- up to 30 years if it relates to a part only thereof.

The lease granted is required to be registered with the relevant Land Registry/Office in order to vest in the lessee the lease. Any lease which is not registered will not be able to vest in the lessee any interest in respect of the lease.

Restraints on dealings

There may be restraints on dealings where the land in question involves Malay reserved land, customary land or native land. The Malay Reservation Enactments of the respective states seek to secure the Malays' interest in such land by generally prohibiting the disposition of such land by the State and prohibiting private dealings in Malay reserved land. Any disposal, dealing or attempt to dispose of or deal in Malay reserved land in contravention of the respective enactments will be rendered null and void and no action for breach of contract shall be maintained in respect of such disposal or dealing. The prohibition imposed by the Malay Reserve Enactments of the respective states can be classified as a prohibition against disposition by the States and against private dealings.

The present Malay Reservation legislation in the Malay states (namely, Kedah, Perlis, Kelantan, Terengganu and Johor) has adopted the policy of providing for exceptions to the prohibition by permitting alienation and dealings in favor of certain specified persons and bodies with the approval of the Ruler of the State in Council of the respective states. In the same manner, customary land (in the state of Malacca) shall only be transferred, charged, leased or transmitted to a Malay. With regard to native land in Sabah and Sarawak, dealings in respect of the same are prohibited except in the circumstances provided for in the Sabah Land Ordinance and the Sarawak Land Code.

Restrictions in interest

Restrictions in interest are limitations expressly endorsed on the document of title to the property which limits the powers of the property owner to deal with the property. An example of a restriction is such as

the property owner is not being permitted to sell, transfer and charge the property in favor of any third party without consent of the State Authority of the relevant state. Restrictions in interest imposed on the document of title will run with the property. This means that the restrictions bind not only the present owner but also all future owners of the property. In the case of a strata title property, where the restriction in interest has been endorsed on the master title, the restrictions apply to the beneficial owner as well, even though the strata title may not have been issued.

Private caveats

Under the NLC, where a person has a claim to a title or any registrable interest in any alienated land, he may lodge a private caveat to protect his interest. Once a private caveat is lodged, the registered proprietor may not register or endorse any dealing on his title without first removing the private caveat or first obtaining the consent in writing of the person who lodged the caveat. A proprietor (or any aggrieved person or body) may apply to the Registrar of Titles/Land Administrator or the courts for the removal of the private caveat. A private caveat, if not earlier withdrawn or removed by the Registrar of Titles/Land Administrator or the court, will expire six years from the time of entry. A non-citizen or foreign company is required to obtain the prior approval of the State Authority before lodging a private caveat. However, the private caveat will not be able to prevent the registration or endorsement of a dealing by the registered proprietor if the application for registration/endorsement of the dealing was made before entry of the private caveat.

Charge over land

In Malaysia, it is common for financiers to take a security (such as a charge) over properties (including land) of the borrower for the financing provided. A charge over land takes effect upon registration so as to render the land or lease in question liable as security. A chargee is required to comply with the NLC when enforcing the charge. Where the chargee enforces the charge by way of sale of the land or lease, the chargee is required, amongst others, to serve a default notice in the form as prescribed by the NLC and apply to the court (for registry titles) or the Land Administrator (for land office titles) for an order for sale.

Buying and selling of real property

In practice, in Malaysia, real property may be sold or purchased with or without separate documents of title. The transfer of property with separate documents of title is effected by registration of an instrument of transfer in a format prescribed under the NLC at the relevant Land Registry/Office. In the case of property without separate documents of title, transfer of the property is made by way of a legal assignment of all the rights, interest and title in respect of the property under the principal sale and purchase agreement (made between the original proprietor and/or the developer (as the seller) and the first purchaser) in favor of a new purchaser.

Strata Property

Sub-division of land

The Strata Titles Act [1985] (“STA”) governs the sub-division of land and buildings into parcels and the disposition of titles in relation to the same. Under the STA, it is compulsory for an owner of a building which has sold or agreed to sell any parcel comprised in his building to any person, to apply for individual strata title to the parcel within the certain period stipulated in the STA.

Management Corporation

Under Section 39 of the STA, a management corporation is established upon issuance of the strata titles. The management corporation is an artificially controlled by all parcel owners. Upon its establishment, the management corporation is responsible for the maintenance and management of common areas such as

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open spaces, lifts, corridors and communities facilities other than the lot comprised in any parcels or units. A management corporation may only act or make decisions:

- through its members at a general meeting;
- through its council members; or
- by appointing and delegating to an administrator the power to make decisions on various matters.

In the latter two cases, the decisions when made will be binding on the management corporation as if passed by valid resolution at a general meeting.

The STA provides for meetings to be held periodically. There are three types of meeting provided under the STA, namely, the first annual general meeting, the annual general meetings and the extraordinary general meetings. The first annual general meeting is for the purpose of, among other things, to confirm or vary the amounts of contributions to the management fund, to determine the members of the council, to elect the council and to decide whether to amend the additional by-laws in force immediately before the holding of the meeting. Annual general meetings are required to be held by a management corporation annually for the consideration of accounts, election of council members and the transaction of such other business as may arise whereas extra ordinary meetings are held by the council of the management corporation upon request by the parcel owners or commissioner of buildings or when the council deems appropriate.

At general meetings, each parcel owner will have one vote on a show of hands and on a poll will have such number of votes as that corresponding with the number of share units attached to his parcel. A co-proprietor may vote by means of a jointly appointed proxy. Purchasers of parcels who have paid the full purchase price but whose titles to their respective parcels are still registered in the name of their vendors, have no voting rights.

The STA provides that every parcel will have a share value approved by the relevant authority and expressed in whole numbers to be known as share units. Generally, the share units are allotted to the parcels based on the areas at the parcels. The share units of a parcel owner are of considerable importance as they determine, among other things, the following:

- (a) voting rights of the parcel owner on a poll;
- (b) the quantum of the undivided share of each parcel owner in the common areas;
- (c) the proportion of the contribution payable by each parcel owner to the management fund;
- (d) a parcel owner's liability for the discharge of debts of the management corporation lawfully incurred in the exercise of it power or the carrying out of its duties or obligations.

By regulating the voting rights of a parcel owner, the share units essentially determine the part played by a parcel in the administration of the strata scheme. The voting rights can be material in matters requiring a special resolution and where a poll is demanded.

The fact that a parcel owner's undivided share in the common areas is determined by the share units may not have much significance in relation to the use and enjoyment of the common areas but it will be relevant when profits resulting from transactions involving the common areas are distributed, such as where part of the common areas are leased. It will also determine a parcel owner's undivided share in the land or in the proceeds of a sale of the land as well as his share in any surplus funds of the management corporation on termination of the strata scheme.

In practice, the most significant function of the share units is that it determines a parcel owner's contribution to maintenance and administrative expenses and his proportional debts of the management corporation.

Joint Management Body

Prior to the establishment of the management corporation, a joint management body must be established under the Building and Common Property (Maintenance and Management) Act 2007 (“BCPA”) to maintain and manage the common areas. The joint management body, which consists of the developer and parcel owners, must be formed upon the convening of the first meeting no later than 12 months from the date of delivery of vacant possession of the parcels to the owners. The joint management body is required to elect a joint management committee at a general meeting to perform the duties of the joint management body and to exercise the powers of the joint management body under the BCPA. The joint management committee consists of one representative of the developer and not less than five but not more than 12 owners. As in the case of the management corporation, there are three types of meetings namely, the first annual general meeting, the annual general meetings and the extraordinary general meetings. At the first general meeting, each purchaser of a parcel who has paid his maintenance charges to a building management account is entitled to vote by show of hands. The joint purchasers will only be entitled to vote by appointing a proxy. The BCPA does not provide for voting on poll. Therefore, each parcel owner is only entitled to one vote regardless of the share units allotted to his parcel. Except for the first general meeting, there is no provision in the BCPA which governs the manner in which the parcel owners and developer exercise their voting rights in the subsequent annual general meetings and the extraordinary general meetings. As such, all the parcel owners and the developer will have to mutually agree on their voting rights in the said meetings. Such uncertainty, in turn, may result in certain parcel owners not being able to exercise control in respect of their contribution to maintenance and administrative expenses despite their parcels being allotted with higher share units. The joint management body will be deemed to be dissolved three months from the date of the first meeting of the management corporation.

*Acquisition of property by a non-Malaysian citizen or a foreign company**The NLC*

Under Section 433B of the NLC, a non-Malaysian citizen or foreign company is not allowed to acquire any land (other than industrial land) in Peninsular Malaysia except Sabah and Sarawak unless prior approval of the state authority has been obtained. Under the NLC, a foreign company means:

- (a) a company, corporation, society, association, or other body incorporated outside Malaysia;
- (b) an unincorporated society, association, or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia;
- (c) a company incorporated under the Act with 50.0% or more of its voting shares held by a non-Malaysian citizen, or by a foreign company referred to in paragraph (a), or by both, at the time of the proposed acquisition of any land or any interest in land or at the time of the execution of the instrument or deed in respect of any alienated land or any interest therein, as the case may be; or
- (d) a company incorporated under the Act with 50.0% or more of its voting shares held by a company referred to in paragraph (b), or by a company referred to in paragraph (a), at the time of the proposed acquisition of any land or any interest in land or at the time of the execution of the instrument or deed in respect of any alienated land or any interest therein, as the case may be.

Guidelines on acquisition of properties

Before June 30, 2009, acquisition of real properties (e.g. land, land with building, commercial unit or residential unit) in Malaysia by a non-Malaysian citizen or foreign company is subject to the Guidelines on the Acquisition of Properties by Local and Foreign Interest issued by the Economic Planning Unit, Prime Minister’s Department (“FIC Guideline”) and requires the approval of the Foreign Investment Committee of the Prime Minister’s Department (“FIC”), although some exemptions may apply. Under the

FIC Guideline, foreign persons and entities are allowed to acquire industrial property, e.g. industrial land, factory or factory lot, without any price limit but this must be registered under a locally incorporated company subject to equity conditions on the company. The usual condition imposed by the FIC is that the company must have at least 30% Bumiputera²⁴ equity participation.

The FIC Guideline has been repealed on June 30, 2009 following the announcement made by YAB Prime Minister of Malaysia. Following the repeal of the FIC Guideline, the 30% Bumiputera equity condition imposed in the FIC Guideline is no longer applicable. The condition imposed earlier on by FIC pursuant to any approval granted is deemed waived automatically upon the announcement by YAB Prime Minister.

The abolishment of the 30% Bumiputera equity condition pertains to the ownership at the company level but does not apply to transactions involving Bumiputera interests²⁵ and/or Government agencies in the ownership of real properties or companies that hold real properties. The new policy of the Malaysian Government is now enshrined in the Guideline on Acquisition of Properties (“New Guideline”) issued by the Economic Planning Unit of the Prime Minister Department (“EPU”). Under the New Guideline, the following property acquisition transactions, except for residential units, shall require approval of EPU:

- (1) direct acquisition of property valued at RM20 million and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and
- (2) indirect acquisition of property by other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than 50 percent of its total assets, and the said property is valued more than RM20 million.

Japan

The land system

The Civil Code of Japan governs real property rights. Japanese law recognizes a number of interests in land. In particular, Japanese law allows for separate ownership (Shoyuiken) of a piece of land and the building thereon. The Chijou-ken (Superficies) is an interest in land that permits the holder to use all or a part of another person’s land to build structures, underground installations, or plant trees. In general, the Chinshaku-ken (Leasehold) is a contractual interest that permits the holder to use the leased asset in return for payment of rent. A leasehold interest that qualifies for mandatory statutory protection under the Land Lease and Building Lease Law, however, gains legal rights that are similar to in rem interests. By way of such statutory protection, a substantial part of the tenants of a leased building and the owners of a building on leased land may perfect leasehold interest against a third party. The Chieki-ken (Easement) is an in rem interest that permits the holder of the land to use another person’s land for the benefit of the holder, such as a right to access the land.

Documents of title

Title to real estate in Japan, whether title to land, a building, or a unit interest in a condominium unit, is evidenced by registration in the real estate register maintained by the regional Legal Affairs Bureau, subordinate to the Ministry of Justice. The register is publicly available for inspection and includes the

²⁴ “Bumiputera” means persons of Malay race or from the aboriginal or indigenous tribes in Malaysia as defined in the Constitution of Malaysia.

²⁵ “Bumiputera interest” means any interest, associated group of interest or parties acting in concert, which comprises:

- (i) Bumiputera individual; and/or
- (ii) Bumiputera institution and trust agency; and/or
- (iii) Local company or local institution whereby the parties as stated in item (i) and/or (ii) hold more than 50.0% of the voting rights in that local company or local institution.

aforementioned interest in land. Registration is neither conclusive evidence of title, nor is it compulsory to possess and occupy the land, but registration is required to perfect the title to real estate against third parties. For each parcel of real estate, the public register sets out a description of the property and its ownership, including the name of the owner, the date acquired, the cause of acquisition and information on previous registered title owners. If any attachment or injunction has been issued regarding a parcel of real estate, such information is also recorded.

Transfer of ownership in properties

Transfer of ownership in real estate becomes legally binding upon the valid acceptance of an offer for sale. Unless otherwise agreed upon, the sale is legally binding upon execution of the sale contract, although, in usual commercial real estate transactions, certain closing conditions and the closing date are provided in the sale contract. While registration is not a condition to the transfer of title, registration is required to perfect the transfer of title. Additionally, in order to reduce transaction tax costs, it is common in commercial real estate transactions for a seller to entrust the subject real property and to, thereafter, transfer the rights to the same in the form of a trust beneficiary interest to a purchaser. A written consent from a trustee of the trust (usually a licensed trust bank) with a certified date stamp from a public notary is required in order to transfer the trust beneficiary interest and to perfect the transfer.

Mortgage of properties

Mortgages on land or buildings are governed by the Civil Code of Japan, and a mortgagee may execute a mortgage if a debtor defaults on his repayment of the loan. Mortgage registration operates in a manner similar to other real estate interests, in that the mortgage must be reflected on the real estate register maintained by the local Legal Affairs Bureau as a registered mortgage in order for the security interest to be asserted against third parties. Where a transaction is accomplished by way of an acquisition of real estate trust beneficiary interests instead of the underlying real property itself, a pledge is created over the real estate trust beneficiary interests for the benefit of secured lenders, and such pledge is perfected by way of written consent of the trustee (with a certified date stamp from a public notary) and such pledge is not registered on the real estate register.

Leasing and management of properties

Japanese rental of buildings, in general, is governed by the Civil Code of Japan. Furthermore, the Land Lease and Building Lease Law provides exceptional rules to protect lessees. Lease agreements usually prohibit the tenant from assigning the lease or sub-leasing without the consent of the landlord. However, lease agreements usually do not prohibit the change of control of the tenant or the lessor. There are two types of building leases under these rules:

Futsu Shakuya (Standard Building Lease)

The standard building lease contains no restriction as to the lease term, but any lease term of less than one year is deemed to have been entered into for an indefinite term. The most important aspect of a standard building lease is that it is automatically renewed, or deemed renewed on continuous use following expiry automatically, unless the landlord objects in a timely manner and is able to show “justifiable reason” for non-renewal, a standard difficult to satisfy.

Teiki Shakuya (Fixed-term Building lease)

A fixed-term lease is a relatively new type of lease (enacted in 2000) that is distinct in that automatic renewal will not apply if all the following factors are met: (i) the lease is in writing; (ii) the lease provides for a definite term; (iii) the lease provides that there is no renewal; and (iv) the tenant has received prior written explanation of non-renewal before executing the lease. The lease subsequently terminates upon notice of termination given at least six months before, but no more than one year before, the expiry date. If notice is given following such notice period, the lease terminates on the lapse of six-months from such notice.

Vehicle for property ownership***Tokutei Mokuteki Kaisha***

Various legal entities are used in real property transactions in Japan. Incorporated entities, such as kabushiki kaisha, godo kaisha and tokutei mokuteki kaisha (“TMK”), all of which provide limited liability to their shareholders, are common. TMK, a special purpose company established under the Law concerning Asset Liquidation, is entitled to reduced tax rates (upon acquisition of a real property) provided certain criteria are met. TMK can also constitute a tax pass-through entity (although only with respect to profits), if certain criteria are satisfied. The TMK arrangement is preferred by foreign investors because it is believed that the Japanese tax authorities are less likely to challenge the legitimacy of the TMK’s pass-through tax treatment, compared with a tokumei kumiai scheme, another typical tax pass-through investment scheme in Japan. Incorporation of a TMK is not difficult and is not materially different from the incorporation of the more standard forms of companies. However, in the case of a TMK, an asset liquidation plan must be submitted to the relevant Local Finance Bureau of the Financial Services Agency. Shares in a TMK are equity interests in such TMK, and therefore, once the value of real properties owned by the TMK is decreased or damaged, it is possible that shareholders of the TMK will not receive dividend on their shares or return of their original capital investments from the TMK. Additionally, in a non-recourse loan transaction, a lender usually requests shareholders or other ultimate equity inventor(s) of a TMK, as a sponsor to the TMK, submit a sponsor letter to the lender. Typically, in case of knowing misrepresentation, fraud, or such other “bad boy acts” of the TMK, the sponsor is required to indemnify the lender against damage caused by such acts, although the scope and coverage of a sponsor’s indemnification under a sponsor letter depends on the deal.

Regulatory issues***Financial Instruments and Exchange Law***

With certain provisions of the Financial Instruments and Exchange Law (a new securities law, “FIEL”) regulating asset managers of real estate investments, asset managers are subject to various regulations under FIEL (e.g. fiduciary duty, duty of care, prohibition from indemnifying client’s loss, asset managers must submit explanatory letters to their non-professional (ippan toshika) clients before, and at the time of, the execution of asset management agreements). Such asset managers are now required to register as financial instrument transaction operators. Asset managers providing asset management services for real estate securitization transactions will typically obtain (i) either a (a) discretionary investment management (toshi un-yo gyo) registration or (b) a non-discretionary investment advisory (toshi jogen gyo) registration, and (ii) if its customer (i.e. a special purpose company holding a real property) purchases and sells real property in the form of a trust beneficiary interest, a second class financial instruments transaction operator (dai nishu kin-yu shohin torihiki gyo) registration.

Real Estate Brokerage Business Act

The mere leasing of real properties by itself will not trigger any licensing requirements. However, sales or purchases of real properties, or brokerages of sales, purchases or leases of real properties, as a business, will trigger licensing requirements under the Real Estate Brokerage Business Act. The master leasing business (i.e. the leasing of properties directly or indirectly through a trustee owner entrusted from specified purpose companies and sub-leasing the same properties to tenants) is generally considered not to trigger such licensing requirements, although there are another interpretations.

Money Lending Business Act

The mere making of a loan in Japan will not trigger any licensing requirements. However, a lender who repeatedly makes loans to residents of Japan or an asset manager who repeatedly makes loan arrangements for special purpose companies may be found to be engaging in the business of money-lending and, thus, would be required to register as a money-lending business operator. Although it is relatively rare for a regulatory office to penalize an asset manager who solely conducts loan arrangements for its own special purpose companies for lack of registration, an asset manager without such registration potentially faces the risk of breaching the Money Lending Business Law.

India

There are a series of Central and State laws that govern real estate in India. The principal Central statute governing real estate transactions is the Transfer of Property Act, 1882, as amended from time to time (the “TP Act”), which (subject to state adoptions) deals with transfer, conveyance, gifts, mortgage, leases, etc. of property. However, under the Constitution of India, states have the legislative and administrative jurisdiction in respect of lands falling within their jurisdictions. State legislation vary from state to state and there are differing laws relating to such matters as land ownership, land categories such as agricultural lands and non-agricultural lands, urban, municipal, industrial, residential, commercial and others, tenureship, land ceiling, land use, stamp duties, land revenue and consolidation of holdings. For example, the acquisition of land by a private entity is regulated by state land revenue codes and laws which prescribe limits up to which an entity may acquire agricultural land and similarly there are laws governing urban land ceiling as well (though urban land ceiling exists presently in a few states only). The transfer of agricultural land is subject to laws enacted by the appropriate state legislatures. Municipal authorities, town planning and zoning regulatory authorities also have jurisdiction over lands. Such authorities designate for the purposes of development, lands falling in their jurisdiction into various uses such as residential, industrial, commercial and others. These authorities also prescribe and control development norms, building plans and by-laws and the provision of infrastructure facilities for development. Lately, environmental issues and environment linked permissions, licenses and sanctions have become extremely important necessary preconditions to large-scale developments.

Provided below is a brief overview of the principal modes of acquiring rights, title and interest in respect of immovable property in India and the significant laws and regulations which govern real estate development in India.

Applicable laws and regulations may change, as can the interpretation of such laws and regulations by governmental authorities and courts. Although the laws and regulations governing our activities have been liberalized in recent years, there can be no assurance that the trend will continue or that laws and regulations will be interpreted in a manner favorable to foreign direct investment in Indian real estate.

Law relating to transfer of property

Indian laws classify property into movable and immovable. Immovable property is normally understood to include, among other things, land, buildings and benefits arising out of land and things attached to the earth or permanently fastened to anything attached to the earth. Unless stated otherwise, references below to property are references to “immovable property.”

Transfer of Property Act 1882 (the “TP Act”)

The TP Act provides general principles of real estate, such as identifying categories of property that are capable of being transferred, persons competent to transfer property, the validity of restrictions and conditions on the creation of contingent and vested interest in the property, sale, exchange, mortgage, lease and gift of property, part-performance and *lis pendens*. The TP Act is based on the essential premise that a person who has invested in immovable property or has any share or interest in the property is presumed to have notice of the title above any other person in residence. The TP Act recognises, amongst others, the following forms in which an interest in an immovable property may be transferred

- Sales: the transfer of ownership in property for a price, paid or promised to be paid or part-paid and part-promised, as the case may be.
- Mortgages: the transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The TP Act recognises several forms of mortgages over a property.
- Charges: transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by an operation of law, for example, a decree of the court attaching specified immovable property, or by acts of the parties.
- Leases: the transfer of a right to enjoy property for a certain time period, expressly or implicitly, or for perpetuity for consideration paid or rendered periodically or on specified occasions. A detailed discussion on leases is provided below.

In addition to the above, the owner of property is entitled to enjoy or transfer the right to use or derive benefit from that property (the “usufruct”). A lessee of property may also enjoy the benefits arising out of land. The owner of immovable property may also create a right over the usufruct of that property by creation of a usufructory mortgage. Further, it may be noted that with regards to transfer of any interest in the property, the transferor transfers such interest, including any incidents, in the property, which he is capable of passing and under law, he cannot transfer a better title than what he possesses.

Co-ownership & joint ownership

The TP Act recognises co-ownership and joint ownership of property. One of the co-owners of a property may transfer its interest in the property and the transferee in such a case acquires the transferor’s right to joint possession or other common or part enjoyment of the property. The transferee in such a case also acquires the right to enforce the partition of the property. If a co-owner’s share in the property is ascertainable, it would be termed as co-ownership, in absence of which it will be termed as joint ownership. Further, the law also recognises joint possession by lessors.

Leasehold rights

As noted above, a lease creates a right in favour of the lessee to enjoy property that is subject to a lease. The term of the lease and the mode of termination of the lease can be determined by the parties.

Under the lease of a property, the lessee has a right of enjoyment of the property without interruption for a certain period or in perpetuity, provided that the lessee continues to pay the rent reserved by the lease agreement and performs other terms and conditions that are binding on the lessee. The reversionary rights are however vested in the owners.

Sub-leases or transfers of the interests or any part of such interests thereof held by a lessee to another person through various ways, such as mortgages of such interests are usually regulated by the terms of the underlying lease. Further, the TP Act stipulates that a lessee shall not erect any permanent structure on leased property without the consent of the lessor, except where such fixture is for an agricultural purpose.

The lessee is also bound to maintain the leasehold property in good condition, and use such property such as a person of ordinary prudence would use such property as his own.

The leasehold pattern of rights and interest in immovable property are also prevalent in respect of agricultural land holdings. In several state jurisdictions, the state government are owners of lands and private entities are lease holders, albeit in perpetuity.

Easements

The law relating to easements and licences in property is governed by the Indian Easements Act, 1882, as amended from time to time (the “Easements Act”). An easement is a right which the owner or occupier of land possesses over the land of another for beneficial enjoyment of his land. Such a right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon land which is not his own. Easementary rights may be acquired or created by (i) an express grant; or (ii) a grant or reservation implied from a certain transfer of property; or (iii) by prescription, on account of long use, for a period of twenty years; or (iv) local custom.

Licences

Licences over property are governed principally by the Easements Act. Under the Easements Act, a licence is defined as an expressed or implied right to use property without any interest or easement created in favour of the licensee as opposed to a lease, which creates an interest in favour of the lessee. Therefore, a licensee does not have any juridical possession of the property but only an occupation. Unlike a lessee, a licensee does not have any interest in the property. The period and incident upon which a licence may be revoked may be provided in the licence agreement entered into between the licensor and the licensee.

Registration Act, 1908

The Indian Registration Act, 1908 (the “Registration Act”) has been enacted with the object of providing public notice of the execution of documents affecting a transfer of interest in property. The purpose of the Registration Act is the conservation of evidence, assurances and title, as well as the publication of documents and prevention of fraud. The Registration Act identifies documents for which registration is compulsory and includes, among others, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether presents or in the future, any right, title or interest, whether vested or contingent, in property of the value of ₹100.0 or more, and a lease of property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the TP Act or as collateral), unless it has been registered. Evidence of the registration is normally available through an inspection of the relevant land records, which usually contain details of the registered property. However, the mere registration of a document does not guarantee title to land.

Indian Stamp Act, 1899

Stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. The Indian Stamp Act, 1899, as amended from time to time (“Stamp Act”) provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, states have the power to prescribe the stamp duty rates for various instruments (leases, sale deed, mortgage deed, etc). Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Unduly stamped instruments can be validated by paying a penalty of up to 10 times of the total unpaid duty payable on such instruments.

Urban Land (Ceiling and Regulation) Act 1976

The Urban Land (Ceiling and Regulation) Act, 1976, as amended from time to time (“Land Ceiling Act”) prescribes the limits up to which urban land may be acquired by individuals. Under this legislation, excess vacant land is required to be surrendered to a “Competent Authority” for a minimum level of compensation. Alternatively, the “Competent Authority” was empowered to allow the land to be developed for permitted purposes. The Government of India repealed this Act in relation to most areas with effect from January 11, 1999 by enacting the Urban Land (Ceiling and Regulation) Repeal Act, 1999. However, it is still in force in certain states including Assam, Bihar, Jharkhand and West Bengal. In states where the urban land ceiling law is still operative, there are restrictions on the purchase of lands in urban areas beyond the permissible limit.

Land Acquisition Act, 1894

The Government of India is empowered to acquire and take possession of any property upon the observance of the Land Acquisition Act, 1894, as amended from time to time (the “Land Acquisition Act”). Under the provisions of the Land Acquisition Act, land in any locality can be acquired compulsorily by the government whenever it appears to the government that it is needed or is likely to be needed for any public purpose or for use by a corporate body. The term “public purpose” in this regard has been defined to include, among other things, the provision of village sites, or the extension, planned development or improvement of existing village sites, the provision of land for town or rural planning, the provision of land for its planned development from public funds in pursuance of any scheme or policy of government and subsequent disposal thereof in whole or in part by lease, assignment or outright sale with the object of securing further development as planned, the provision of land for any other scheme of development sponsored by government, or, with the prior approval of the appropriate government, by a local authority and the provision of any premises or building for locating a public office, but does not include acquisition of land for companies.

The Land Acquisition Act lays down the procedures which are required to be compulsorily followed by the Government of India or any of the state governments, during the process of acquisition of land under the Land Acquisition Act. The procedure for acquisition, as referred to in the Land Acquisition Act, can be summarised as follows:

- identification of land;
- notification of land;
- declaration of land;
- acquisition of land; and
- payment of compensation and ownership of land.

The Land Acquisition Act provides for vesting of the lands in the Government of India at the very first instance of notification when urgent provisions of the Land Acquisition Act are invoked.

Any person having an interest in such land has the right to object and the right to receive compensation. The value of compensation for the property acquired depends on several factors, which, among other things, include the market value of the land and damage sustained by the person in terms of loss of profits. An aggrieved person has the right to approach the courts in relation to the amount of compensation paid to him in lieu of any acquisition of his land by the Government of India until the point of time the declaration under the Land Acquisition Act is notified in the official Gazette.

Laws for classification of land user

Usually, land is publicly classified by the governmental authority under one or more categories, such as residential, commercial, agricultural, industrial and institutional etc. Land classified under a specified category is permitted to be used only for such purpose. In order to use land for any other purpose, the classification of the land may need to be changed in the appropriate land records by making an application to the relevant municipal or land revenue authorities.

In addition, some states in India have imposed various restrictions, which vary from state to state, on ownership and on the transfer of property within such states. Such restrictions provide for tenureship instead of absolute ownership, restrictions on the transfer of property, including among other things, a prohibition on the transfer of agricultural land to non-agriculturalists, a prohibition on the transfer of land to a person not domiciled in the concerned state and restrictions on the transfer of land in favour of a person not belonging to a certain tribe.

There are several authorities which have jurisdiction to regulate land use planning and real estate development activities in each Indian state. Though a single window mechanism is a preferred mode, there exist multiple windows and levels of such approving authorities which can result in delays in approvals.

Various enactments, rules and regulations have been made by the Government of India, concerned state governments and other authorised agencies and bodies such as the Ministry of Urban Development, State Land Development and/or Planning Boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning, management and taxation of land and real estate. All relevant applicable laws, rules and regulations have to be taken into consideration by any person or entity proposing to enter into any real estate development or construction activity in this sector in India.

Development laws

The laws for the development of land may differ in each state. A license or approval for developing the land may be required as per the relevant local jurisdictional laws.

While granting licences for development of townships, the authorities generally levy development or other external development charges for the provision of peripheral services. Such licences require approvals of layout plans and building plans for construction and development activities. The licences are governed by relevant statutes.

Urban land

State legislations provide for the planned development of urban areas and the establishment of regional and local development authorities charged with the responsibility of planning and development of urban areas within their jurisdiction. Real estate projects have to be planned and developed in conformity with the norms established by these laws and the regulations made thereunder and require sanctions from the government departments and developmental authorities at various stages. Building plans are required to be approved for each building within the project area. Clearances with respect to other aspects of development such as fire, civil aviation and pollution control are required from appropriate authorities, depending on the nature, size and height of the projects. The approvals granted by the authorities generally prescribe a time limit for completion of the projects. These time limits are renewable upon payment of a prescribed fee. The regulations provide for obtaining a completion/occupancy certificate upon completion of the project.

Agricultural land

The acquisition of land is regulated by state land reform and land revenue laws and code which prescribe limits up to which an entity may acquire agricultural land. Any transfer of land which results in the aggregate land holdings of the transferor or the acquirer in the state to exceed this ceiling is void, and the surplus land is deemed, from the date of the transfer, to have been vested in the state government free of all encumbrances.

The agricultural lands may be acquired by different entities for development. A conversion certificate may be obtained from the appropriate authority with respect to a change in use of the land from agricultural to non-agricultural. After and once a conversion certificate from the appropriate authority is obtained, with respect to a change in use of the land from agricultural to non-agricultural, the ceilings referred to above will not be applicable. The conversion of land from agricultural to non-agricultural is affected upon payment of conversion charges and other charges, which may vary from state to state and location to location. The transfer of agricultural land is subject to laws enacted by the appropriate state legislature.

Environment (Protection) Act, 1986

The real estate sector is subject to many central, state and local regulations designed to protect the environment. Among other things, these laws regulate the environmental impact of construction and development activities, emission of air pollutants and discharge of chemicals into surrounding water bodies. These various environmental laws give primary environmental oversight authority to the Ministry of Environment and Forest (“MoEF”), the Central Pollution Control Board (“CPCB”) and the respective State Pollution Control Boards (“SPCB”). The MoEF is the key national regulatory agency responsible for policy formulation, planning and co-ordination of all issues related to environmental protection. The CPCB is the law enforcing body at the national level. It enforces environmental legislation, coordinates the activities of ‘State Pollution Control Committees’, establishes environmental standards and plans and executes a nationwide programme for the prevention, control and abatement of pollution.

With respect to forest conservation, the Forest (Conservation) Act, 1980, as amended from time to time, prevents state governments from making any order directing that any forest land be used for a non-forest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the government without the approval of the central government.

The MoEF mandates that “Environment Impact Assessments” (“EIA”) must be conducted for projects. In the process, the MoEF receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects. The Environment Impact Assessment Notification S.O. 1533, issued on September 14, 2006, as amended from time to time, (the “EIA Notification”) under the provisions of Environment (Protection) Act 1986, as amended from time to time, prescribes the nature of projects which require prior Environmental Impact Assessment Clearance (“EIAC”) from the State Level Environment Impact Assessment Authority (“SEIAA”) based on recommendations of the State Environmental Appraisal Committee (“SEAC”). The schedule to the EIA Notification lays down the various activities and their threshold level for which the prior environmental clearance will be required.

The environmental clearance must be obtained from the SEIAA according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

Under the EIA Notification, the environmental clearance process for new construction projects consists of two stages – screening and appraisal. The screening stage is done for determining whether or not the project or activity requires further environmental studies for preparation of an EIA for its appraisal. Appraisal means the detailed scrutiny by the SEAC of the application and other documents like the Final EIA Report and outcome of the public consultations including public hearing proceedings submitted by the applicant to the regulatory authority concerned with the grant of environmental clearance. This appraisal is made by SEAC which is required to give its decision within 105 days of the receipt of the Final EIA Report.

The EIA Notification also provides for the validity period of the EIAC depending upon the nature of the construction project. The project developer/manager concerned is required to submit a half yearly report to the Impact Assessment Agency to enable it to effectively monitor the implementation of the recommendations and conditions subject to which the environmental clearance has been given.

Building consents

Each state and city has its own set of laws, by-laws, master plans/zonal plans, which govern planned development and rules for construction (such as limits in relation to floor area ratio or floor space index (“FSI”)). The various authorities that govern building activities in states include, *inter alia*, the “Town and Country Planning Department,” municipal corporations and the “Urban Arts Commission.” Any application for undertaking any construction or development activity has to be made to the Town and Country Planning Department, which is a state level department engaged in the physical planning of urban centres and rural areas in the state. Authorities such as the ‘Town and Country Planning Department’ prepare the schemes and projects of various different agencies so as to improve living and working environments and to provide planned and developed sites for residential, commercial and industrial purposes.

The municipal corporations regulate building development and construction norms. For example, building plans are required to be approved by the relevant municipal authority. The Urban Arts Commission advises the Government of India in the matter of preserving, developing and maintaining the aesthetic quality of urban and environmental design in some states and also provides advice and guidance to any local body with respect to building or engineering operations or any development proposal which affects or is likely to affect the skyline or the aesthetic quality of the surroundings or any public amenity provided therein. Under certain state laws, the local body, before it accords its approval for building operations, engineering operations or development proposals, is obliged to refer all such operations to the “Urban Arts Commission” and seek its approval for the project.

Besides the above, certain consents and no objections may also be required from various other departments, such as the “Fire Department,” the “Airport Authority of India,” the “Archaeological Survey of India,” the “Land Revenue Departments,” “Forest Departments” etc. Obtaining all these approvals can be time consuming. Sometimes, there can be intervention by third parties through court action against land use change.

Modes of acquisition of interest and development rights in property

Due to the constraints under the laws prescribing a ceiling on the acquisition of land, a real estate development company (“REDC”) may enter into a range of agreements in order to acquire interests in land. Brief details of the most common arrangements are provided below:

Agreements for acquisition of land

REDCs usually enter into agreements with third parties, which may be in the form of an agreement to sell or a memorandum of understanding, for the acquisition of land and pooling of land resources, for the purpose of the development of specified projects such as integrated townships. In case of memorandums of understandings as well as agreements to sell are expected to be followed by the execution of definitive agreements, such as sale and lease deeds. Under such agreements, the contracting parties agree to acquire land in certain areas selected by the REDC, which agrees to provide an interest-free fund to such contracting parties for meeting the costs of the acquisitions. Further, the contracting parties are required to pool the acquired land with the land owned by the REDC and deliver possession of the same to the REDC, for the purpose of developing the project. Typically, an REDC is free to develop the land at its absolute discretion and is also authorised to develop, market and sell the project at its own cost, risk and expense. Furthermore, at the time of execution of such agreements, an REDC is required to make a

payment of a portion of the total consideration of the land and final sale/ lease deeds are executed pursuant to the conduct of satisfactory due diligence and the obtaining of other relevant approvals and licenses and the payment of the balance consideration by the RECD.

Joint development agreements

Another mode of acquiring land used by REDCs is to enter into Joint Development Agreements (“JDAs”) with the title holders of land (on which the real estate projects have been envisaged) for joint development or development by the REDCs, of the real estate projects. The JDAs may be in the form of a memorandum of understanding or a joint venture agreement (wherein the parties agree to undertake joint development of the project and their rights inter-se will be determined by the JDA). Typically, under the terms of a JDA, REDCs may be authorised to develop, construct, finance and market the project on the relevant land. The amounts to be paid for change of land use, other approvals, taxes and other statutory payments are usually equally shared by both parties. REDCs are generally entitled to an agreed share of the built up area, together with proportionate rights in the underlying land and common areas and facilities. In case either party does not propose to undertake the development of its portion of the land, the other party has a right to purchase such land upon payment of consideration to be mutually agreed by the parties. For the purpose of development and construction of the project, REDCs are required to comply with approved, building plans in relation to the project.

Public auctions and Government allotment

Various State governments undertake large real estate development projects, for the purposes of which bids satisfying certain eligibility criteria (such as technical and financial criteria) are invited. After evaluation of the bids submitted by the REDCs, the government through the various regional bodies and local development authorities, selects the most eligible REDC for the development of the project and undertakes to grant, certain rights for the purposes of a project such as a perpetual lease of the project land in favour of the REDC, subject to satisfaction of certain conditions. In the ordinary course, the governmental authority may grant such an undertaking in the form of a reservation-cum-allotment letter, the salient terms of which usually include among other things, the nature of allotment (lease, conveyance, etc.), the period of grant, the consideration for allotment and the payment schedule.

Foreign investment in Indian property

FDI in India

Foreign direct investment (“FDI”) in India is governed by laws including the Foreign Exchange Management Act, 1999 (“FEMA”) read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto (“FEMA Regulations”) and the regulations made by the Reserve Bank of India under the FEMA. Additionally, Circular 2 of 2010 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”) with effect from April 1, 2011, contains the consolidated policy for foreign direct investment in India (“Consolidated FDI Circular”). The Government of India proposes to update the Consolidated FDI Circular every six months, and, therefore, the Consolidated FDI Circular will be valid until an updated circular is issued on September 30, 2011. The Consolidated FDI Circular imposes certain conditions on investment in development of townships, housing, built-up infrastructure and construction development projects.

FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made.

Under the automatic route, no prior Government of India approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other

prescribed conditions. Such securities should be either equity instruments or instruments which are fully and mandatorily convertible into equity instruments within a specified time (such as compulsorily fully convertible debentures and fully compulsorily convertible preference shares). Further, foreign investments in the form of compulsorily convertible preference shares would be treated as part of share capital. This would be included in calculating foreign equity for purposes of sectoral caps on foreign equity, where such caps have been prescribed. Investors are required to file the required documentation with the Reserve Bank of India within 30 days of such issue/acquisition of securities.

However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the “same field” in India as on January 12, 2005, prior approval from the Foreign Investment Promotion Board (“FIPB”) is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB/RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

Acquisition of real estate by foreign nationals and the Immovable Property Regulations

Under section 6 (3) (i) of FEMA read with the applicable regulations promulgated under FEMA Regulations, the RBI may, by regulations, prohibit, restrict or regulate the acquisition or transfer of immovable property outside India, other than a lease not exceeding five years, by a person resident outside India.

In pursuance of the above stated, the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations 2000 dated May 3, 2000 (as amended from time to time) (“Immovable Property Regulations”) regulates the acquisition and transfer of immovable property in India.

Under the Immovable Property Regulations, no person resident outside India can acquire or transfer any immovable property in India, without the prior approval of the RBI, unless the same has been permitted under the FEMA or the Immovable Property Regulations. The Immovable Property Regulations provide certain restrictions on acquisition or transfer of immovable property by persons resident outside India. Acquisition or transfer of immovable properties not specifically permitted by the Immovable Property Regulations requires the prior permission of the RBI. The RBI may, for sufficient reasons, permit the transfer, subject to such conditions as may be considered necessary.

FDI in real estate – Press Note 2 (2005)

Subsequent to March 3, 2005, foreign investment in development of townships, housing, built-up infrastructure and construction development projects including, among other things, commercial premises, hotels, resorts, hospitals and city and regional level infrastructure up to 100%, is permitted under the automatic route, where no approval of the FIPB is required, subject to certain conditions and policy guidelines notified through Press Note 2 (2005 Series) dated March 2, 2005 issued by the DIPP (“Press Note 2 (2005)”), which in summary are:

- a minimum area to be developed on land measuring 10.0 hectares in the case of serviced housing plots and 50,000 sq m in the case of construction development projects. Where the development is a combination of the two, the minimum area can be either 10.0 hectares or 50,000 sq m;
- a minimum capitalization of US\$10.0 million for wholly owned subsidiaries and US\$5.0 million for a joint venture with an Indian partner. The funds would have to be brought in within six months of commencement of business of the company;

APPENDIX IX DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

- the original investment is not permitted to be repatriated before three years from completion of the minimum capitalization except with prior approval from the FIPB;
- at least 50.0% of the project is required to be developed within five years of obtaining all statutory clearances and the responsibility for obtaining such clearances rests with the foreign investor;
- further, the sale of undeveloped plots is prohibited. “Undeveloped plots” is defined as those plots where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available. It is necessary that the investor provides this infrastructure and obtains the completion certificate from the concerned local body or service agency before he is allowed to dispose of serviced housing plots; and
- the project shall have to conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government municipal/ local body concerned.

It may be noted that the Government of India, through Press Note 2 (2006 Series) dated January 16, 2006 has clarified that the provisions of Press Note 2 (2005) as discussed aforesaid, shall not apply to establishment and operation of hotels and hospitals, which shall continue to be governed by Press Note 4 (2001 Series) dated May 21, 2001 and Press Note 2 (2000 Series) dated February 11, 2000, respectively.

Investment by FIIs

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India.

FIIs are required to obtain an initial registration from the Securities and Exchange Board of India (“SEBI”) and a general permission from the RBI to engage in transactions regulated under the FEMA. FIIs must also comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time (“FII Regulations”). The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

- (i) Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations (“FDI Route”).
- (ii) Regulation 5 (2) of the FEMA Regulations, subject to terms and conditions specified under Schedule 2 of the FEMA Regulations (“PIS Route”) and subject to the ceiling specified herein, provided that, in the case of a public offering, the price of the shares to be issued is not less than the price at which they are issued to Indian residents.

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the ‘automatic route’ or ‘approval route’ falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident Rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route. The ceiling under the PIS Route is as follows: the total holding of each FII/SEBI approved sub-account of FII shall not exceed 10% of the total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holding of all FII/sub-accounts of FIIs combined shall not exceed 24% of the paid-up equity share capital or paid up value of each series of convertible debentures. Pursuant to the RBI Master Circular on Foreign Investment dated July 1, 2011, any increase over the 24.00% limit requires the approval of the shareholders of the company as well as the RBI.

Foreign investment under the FDI Route is restricted/prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10.0% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10.0% of the total issued and paid-up capital. The aggregate FII holding in a company cannot exceed 24.0% of its total paid-up capital.

The said 24.0% limit can be increased up to sectoral cap/statutory ceiling applicable to the company by passing of a resolution by the board of directors followed by passing of a special resolution to that effect by the shareholders of the company. Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, offshore derivative instruments such as “Participatory Notes,” equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or their Sub-Account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying derivatives.

Calculation of Total Foreign Investment in Indian Companies

Pursuant to Press Note 2 (2009 Series), effective from February 13, 2009, issued by the DIPP (“Press Note 2”) read with the clarificatory guidelines for downstream investment under Press Note 4 (2009 Series) dated February 25, 2009 issued by the DIPP (“Press Note 4,” collectively with Press Note 2, the “Press Notes of 2009”), all investments made directly by a non-resident into an Indian company would be considered as foreign investment. The provisions of Press Notes of 2009 have been incorporated in the Consolidated FDI Policy.

Such foreign investments into an Indian company which is undertaking operations in various economic activities and sectors (“Operating Company”) would have to comply with the relevant sectoral conditions on entry route, conditionalities and caps. Foreign investments into an Indian company, being an Operating Company and making investments through equity, preference or compulsory convertible debentures in another Indian company (“Operating cum Investing Company”) would have to comply with the relevant sectoral conditions on entry route, conditionalities and caps in regard of the sector in which such company is operating. Foreign investment into an Indian company making investments through equity, preference or compulsory convertible debentures in another Indian company (“Investing Company”) will require the prior approval of the FIPB, regardless of the amount or extent of foreign investment. Further, foreign investment in an Indian company without any downstream investment and operations requires FIPB approval regardless of the amount or extent of foreign investment.

The Press Notes of 2009 further provide that foreign investment in an Investing Company would not be considered as ‘foreign investment’ if such Investing Company is ‘owned and controlled’ by resident Indian citizens and Indian companies, which are ‘owned and controlled’ by resident Indian citizens.

An Indian company would be considered to be ‘owned’ by resident Indian citizens and Indian companies, which are ‘owned and controlled’ by resident Indian citizens if more than 50.0% of the equity interest in it is beneficially owned by resident Indian citizens and Indian companies, which are owned and controlled ultimately by resident Indian citizens. Further, an Indian company would be considered to be “controlled” by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens if the power to appoint a majority of its directors vests with the resident Indian citizens and Indian companies, which are “owned and controlled’ by resident Indian citizens.

Downstream investment by such Indian companies would not be considered towards indirect foreign investment, regardless of whether such companies are Operating Companies, Operating cum Investing companies, Investing Companies or Indian companies without any operations.

In case of Investing Companies which are either ‘owned or controlled’ by Non-Resident entities, only such investment made by such Investing Company would be considered as indirect foreign investment and not foreign investment in the Investing Company. However, if the Investing Company continues to be beneficially ‘owned and controlled’ by resident Indian citizens and Indian companies, which are ‘owned and controlled’ by resident Indian citizens, any further foreign investment by such Investing Company would not be considered as indirect foreign direct investment in the subject Indian company and would be outside the purview of Press Note 2.

As per applicable laws, a member of a company, whose name is entered in the register of members, is entitled to all beneficial interests in the shares of the said company. However, beneficial ownership would also mean holding of a beneficial interest in the shares of a company, while the shares are registered in someone else’s name. In such cases, where beneficial ownership lies with someone else, the same can further be evidenced by Form 22B which needs to be filed with the Registrar of Companies by the company (upon receipt of declaration by the registered and beneficial owner regarding transfer of beneficial interest).

Press Note 4 clarifies that downstream investments by Indian companies are required to follow the same norms as a “direct” foreign investment as detailed below:

- In case of Operating cum Investing Companies, the subject Indian companies into which downstream investments are made are required to comply with the relevant sectoral conditions on entry route, conditionalities and caps in regard of the sector in which the subject Indian companies are operating.
- Similarly, in case of Investing Companies, the subject Indian companies into which downstream investments are made, are required to comply with the relevant sectoral conditions on entry route, conditionalities and caps in regard of the sector in which the subject Indian companies are operating.
- In case of Indian companies without any downstream investment and operations, as and when such companies make any downstream investments and/or commence business, they must comply with the relevant sectoral conditions on entry route, conditionalities and caps.

Press Note 4 further provides that foreign investment in an Indian company that does not have (i) any operations, and (ii) any downstream investments, will require the prior approval of the FIPB.

It may, however, be noted that in case of Indian companies which are wholly owned subsidiaries of Operating cum Investing Companies/Investing Companies, the entire foreign investment in the Operating cum Investment Companies/Investing Companies will be considered as indirect foreign investment.

Domestic lending to real estate developers

Although there are no restrictions on the real estate companies ability to undertake debt obligations from domestic institutions, the RBI has, in its circular dated March 1, 2006 (RBI/2005-06/310 DBOD.BP.BC. 65 /08.12.01/2005-06) cautioned all scheduled commercial banks to curb excessively risky lending to the real estate sector by exercising selectivity and strengthening the loan approval process. In view of the above, the RBI has advised the scheduled commercial banks in India (“SCBs”) that while appraising loan proposals involving real estate, SCBs should ensure that the borrowers should have obtained prior permission from government, local governments or other statutory authorities for the relevant project, wherever required and that disbursements of such loans should be made only after such borrower has obtained such requisite permissions from the government, local governments or other statutory authorities for the relevant project, as the case may be.

Overseas lending to real estate developers

there are certain restrictions. External commercial borrowings (“ECB”) are governed by the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations 2000, dated May 3, 2000, as amended from time to time and the guidelines issued by the RBI from time to time (collectively “ECB Guidelines”). The current ECB guidelines have been consolidated within the Master Circular dated July 1, 2010 (RBI/2010-11/8 Master Circular No. 08/2010-11). The ECB Guidelines refer to “commercial loans,” in the form of bank loans, buyers’ credit, suppliers’ credit, securitised instruments (e.g. floating rate notes and fixed rate bonds) availed of from non-resident lenders with a minimum average maturity of three years.

In terms of the ECB Guidelines, end-utilisation of ECB proceeds is not permitted in the real estate sector. In furtherance of the RBI/2008-09/343 A.P. (DIR Series) Circular No. 46 dated January 2, 2009 issued by the RBI, the term ‘real estate’ excludes the development of integrated townships (as defined under Press Note 3 (2002 Series) dated January 4, 2002). For the purposes of the ECB Guidelines, “integrated township” includes housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems and the manufacture of building materials. Development of land and providing allied infrastructure forms an integrated part of the township’s development. The minimum area to be developed should be 100.0 acres for which norms and standards are to be followed as per local bylaws and rules. In the absence of such bylaws and rules, a minimum of 2,000 dwelling units per approximately 10,000 of population will need to be developed. Further, the investing foreign company should achieve clear milestones once its proposal has been approved, and the minimum capitalisation norm shall be US\$10 million for a wholly owned subsidiary and US\$5 million for joint ventures with Indian partner/s subject to the funds being brought in upfront.

Declaration of dividends

Under the provisions of the (Indian) Companies Act, 1956, as amended from time to time (“Indian Companies Act”) a company pays dividends upon recommendation by its board of directors and approval by a majority of the shareholders at the general meeting of shareholders. Dividends are generally declared as a percentage of the par value. The dividend recommended by the board of directors and approved by the shareholders at a general meeting is distributed and paid to shareholders as on the record date in proportion to the paid-up value of their shares on such record date. In addition, the board of directors may declare and pay interim dividends for any part of a financial year.

A company may declare dividends for any financial year out of the profits of the company arrived at after providing for depreciation in accordance with the Indian Companies Act or out of profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the Indian Companies Act and remaining undistributed; or out of both.

APPENDIX IX DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

In case the company has incurred any loss in any previous financial year or years, then the amount of loss or an amount which is equal to the amount provided for depreciation in that year or those years of loss, whichever is less shall be set off against the profits of the company for the year for which dividend is proposed to be declared or paid or against the profits of the company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of the Indian Companies Act. The aforesaid provisions apply to declaration or payment of interim dividends as well.

The Central government may also, if it deems necessary in public interest, allow any company to declare or pay any dividends for any financial year out of the profits of such company for that year or any previous financial year, or years without providing for depreciation.

Under the Companies (Transfer of Profits to Reserves) Rules, 1975, the board of directors of a company must, before declaring or paying any dividend for any financial year, must compulsorily transfer a certain percentage of profits of the company to the reserves as provided herein below:

Percentage of proposed dividend as a percentage of paid-up share capital	Amount to be transferred to reserve
Up to 10.0%	NIL
More than 10.0% but up to 12.5%	2.5% of the current profits
More than 12.5% but up to 15.0%	5.0% of the current profits
More than 15.0% but up to 20.0%	7.5% of the current profits
More than 20.0%	10.0% of the current profits

It may be noted that the rate of proposed dividend includes dividend declared both on equity as well as on preference shares. However, the equity shareholders can be paid dividend, only after paying off the dividends to the preference shareholder(s), if any. Further, a company may, in any financial year, voluntarily transfer more than 10.0% of its current profits to reserves. The requirement of transfer to the reserves applies equally to the declaration/payment of any interim dividend. In such a case, the board of directors has to estimate the “current profits” for the year in which the interim dividend is declared in order to transfer the stipulated percentage of profits to the reserves.

Further, under the Companies (Declaration of Dividend out of Reserves) Rules, 1975, as amended from time to time, in case of inadequacy or absence of profits in any year, declaration of dividends for that year out of accumulated profits earned by the company in previous years and transferred by the Company to the reserves would have to satisfy the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10.0% of paid-up capital, whichever amount is lesser; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10.0% of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference or equity shares; and (iii) the balance of reserves after the withdrawal must not be below 15.0% of paid-up capital.

The term “reserve” has not been defined under the Indian Companies Act. However, the expression has been defined in the “Guidance Note on Terms used in Financial Statements” issued by the Institute of Chartered Accountants of India as the portion of earnings, receipts or other surplus of an enterprise (whether capital or revenue) appropriated by the management for a general or specific purpose other than a provision for depreciation or diminution in the value of assets or for a known liability.

The expression “revenue reserve” has been defined as any reserve other than a capital reserve. Revenue reserves constitute profits made in the course of normal business operations and retained in the business. It is that portion of net worth or total equity of an enterprise representing retained earnings available for withdrawal by the proprietors as dividends.

As opposed to a revenue reserve, a capital reserve is a reserve which is not available for distribution as dividends. It is a reserve which constitutes a profit or gain retained in the business, but which has not arisen out of the profit from the normal business operations of the company. Though it forms part of shareholders' funds, it is not available for distribution as dividends.

Buyback of shares of unlisted Indian companies under Indian law

Subject to provisions of Section 77A and other applicable provisions of the Indian Companies Act, a company may purchase its own shares ("Buy-Back"). The Buy-Back by unlisted Indian companies is also governed by the Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999 (the "Buy-Back Rules") issued by the Ministry of Company Affairs, Government of India, as amended from time to time.

Before initiating steps to undertake a Buy-Back, a company needs to ensure that it has not failed to: (i) file its Annual Returns within 60 days of the Annual General Meeting; or (ii) distribute dividends within 30 days from their declaration; or (iii) prepare the balance-sheet and profit and loss account at the end of the financial year in the form as specified by the Government of India.

The Buy-Back is required to be offered to all the existing security holders on a proportionate basis through private offers. A company can undertake the Buy-Back out of:

- (a) the free reserves; or
- (b) the securities premium account; or
- (c) the proceeds of any shares or other specified securities.

The Buy-Back should be authorised by the articles of association of the company. The Buy-Back has to be approved either by:

- (a) a special resolution passed in a general meeting of the shareholders, in which case the Buy-Back is limited to (i) 25.0% of the total paid-up capital and free reserves of the company; or (ii) in case of Buy-Back of equity shares in a financial year, 25.0% of the total paid-up equity capital of the company in that financial year; or
- (b) a board resolution passed in a meeting of the board of directors of the company, in which case the Buy-Back is limited to 10.0% of the total paid-up equity capital and free reserves of the company. In case the Buy-Back is by way of a board resolution, as opposed to one which is pursuant to a special resolution passed in a general meeting, no further offer of Buy-Back can be made within 365 days reckoned from the date of the preceding offer of Buy-Back, if any.

In the event that the Buy-Back takes place through a special resolution, the notice of the general meeting must be accompanied by an Explanatory Statement in accordance with the Indian Companies Act and such Explanatory Statement should state all material facts including the necessity for the Buy-Back, the nature and extent of the security intended to be purchased, amount to be invested under the Buy-Back and the time limit for completing the Buy-Back. The Buy-Back must be completed within 12 months of passing of the special resolution or the board resolution, as the case may be.

Further, all the shares or other specified securities for Buy-Back are required to be fully paid-up. The ratio of the debt owed by the company should not be more than twice the capital and its free reserves after the Buy-Back. Government of India may, however, prescribe a higher ratio.

A draft letter of offer containing certain specified particulars, are required to be filed by the company with the respective registrar of companies ("ROC") along with the declaration of solvency in the prescribed format in order to exhibit that it can meet its liabilities and subsisting obligations during the post Buy-Back period. The company is not permitted to issue any shares including by way of bonus, till the date of the closure of the offer.

Indian law also imposes a restriction on the issue of allotment of shares of the same kind as are bought back for a period of six months from the completion of the Buy-Back. The issue of bonus shares and discharge of subsisting obligations, such as conversion of share warrants and stock options, are excluded from such restriction.

The letter of offer should be dispatched within 21 days from its filing with ROC. The offer for Buy-Back should remain open to the shareholders for a minimum of 15 days and maximum of 30 days from the date of despatch of the letter of offer. The shareholders would be required, within the period when the offer is open, to offer their shares for sale to the company. In case the number of shares offered by the shareholders is more than the total number of shares to be bought back by the company, the acceptance per shareholder is required to be on proportionate basis. The company is required to complete the verifications of the offers received within 15 days from the date of closure of the offer and the shares lodged shall be deemed to be accepted, unless the company makes a communication of rejection within 21 days from the closure of the offer.

The company shall, immediately after the date of closure of the offer, open a special bank account and deposit the entire sum due and payable as a consideration for the Buy-Back in such bank account. Within 28 days of the closure of the offer, the company is required to make payment of the consideration in cash or bank draft/pay order to those shareholders whose offer has been accepted.

After the completion of the Buy-Back, the company is required to file a return with the ROC in the specified form. The company is required to extinguish and physically destroy the share certificates so bought back in accordance with the prescribed procedure within seven days from the date of acceptance of the shares bought back and furnish the requisite certificates to the ROC. The company should also maintain a record of share certificates which have been cancelled and destroyed.

Further, under the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended, a buy-back may be (a) from the existing security holders on a proportionate basis through a tender offer; (b) from the open market through (i) book-building process, or (ii) the stock exchange; (c) from odd-lot holders or (d) by purchasing the securities issued to employees pursuant to a scheme of stock option or sweat equity. Buy-backs through negotiated deals, whether on a stock exchange or through spot transactions or through any other private arrangement, are not permitted.

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

Our Company was incorporated in Singapore as a public company limited by shares under the Singapore Companies Act on October 12, 2004 and became a company listed on SGX-ST in November 2009. We established a place of business in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong, and have been registered as a non-Hong Kong company under Part XI of the Companies Ordinance under the same address. Ms Mok Ming Wai has been appointed as our agent for the acceptance of service of process and notices in Hong Kong.

As we are incorporated in Singapore, we are subject to the relevant laws and regulations of Singapore. A summary of our Articles of Association is set out in Appendix VIII to this listing document and a summary of certain relevant aspects of the Singapore Companies Act is set out in Appendix IX to this listing document.

B. Changes in the share capital of our Company

At the time of the incorporation of the Company on October 12, 2004, our authorised share capital was S\$1,000,000 divided into 1,000,000 Shares with a par value of S\$1.00 each. Pursuant to the Companies (Amendment) Act 2005 of Singapore, companies incorporated in Singapore no longer have an authorised share capital and there is no concept of par value in respect of issued shares.

The following table sets out the changes in our share capital within the two years preceding the date of this listing document:

Date of Issuance	Number of Shares issued	Resultant issued share capital (S\$)
November 16, 2009 (issued to CapitaLand Limited)	2,884,000,000	4,605,000,000
March 1, 2011	1,081,827	4,607,514,343.179

Our share capital upon Listing will be divided into 3,885,081,827 Shares (excluding treasury Shares).

Save as disclosed in this Appendix, there has been no alteration in our share capital within the two years preceding the date of this listing document.

C. Resolutions of our Shareholders

At the annual general meeting of our Company held on April 21, 2011 in Singapore, the following resolutions of shareholders relating to the general mandate to issue Shares and/or convertible securities were passed, among others, to approve that, pursuant to Section 161 of the Singapore Companies Act, authority be and is hereby given to the Directors of our Company to:

- (a) (i) issue Shares whether by way of rights, bonus, or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 50.0% of the total number of issued Shares (excluding treasury Shares, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 20.0% of the total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury Shares, if any) shall be based on the total number of issued Shares (excluding treasury Shares, if any) at the time this resolution is passed, after adjusting for:
 - (I) any new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and
 - (II) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this resolution, our Company shall comply with the provisions of the SGX Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and
- (4) (unless revoked or varied by our Company in a general meeting) the authority conferred by this resolution shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

At the extraordinary general meeting of our Company held on April 21, 2011, resolutions of shareholders were passed pursuant to which our shareholders approved:

- (a) the adoption of our Company's new Articles of Association with effect from the listing of our Shares on the HKEx; and
- (b) the adoption of the Chinese name “凱德商用產業有限公司” as our Company's secondary name.

D. Changes in Share Capital of Our Subsidiaries

Our subsidiaries are referred to in Appendix I to this listing document. The following alterations in the share capital (or registered capital, as the case may be) of our subsidiaries have taken place within the two years preceding the date of this listing document:

1. CapitaLand Retail Property Management India Private Limited (incorporated in India)

On October 26, 2009, CapitaLand Retail Property Management India Private Limited issued 1,800,000 shares of Rs10 each to CapitaLand Retail India Pte. Ltd., increasing its issued share capital from Rs 62,000,000 to Rs 80,000,000.

On July 21, 2010, CapitaLand Retail Property Management India Private Limited issued 3,600,000 shares of Rs10 each to CapitaLand Retail India Pte. Ltd., increasing its issued share capital from Rs 80,000,000 to Rs 116,000,000.

On February 24, 2011, CapitaLand Retail Property Management India Private Limited issued 1,600,000 shares of Rs10 each to CapitaLand Retail India Pte. Ltd., increasing its issued share capital from Rs 116,000,000 to Rs 132,000,000.

2. *CapitaMalls Malaysia REIT Management Sdn. Bhd. (incorporated in Malaysia)*

On June 10, 2010, CapitaMalls Malaysia REIT Management Sdn. Bhd. issued 699,998 shares of RM 1.00 each to CapitaLand Retail RECM Pte. Ltd. and 300,000 shares of RM 1.00 each to Malaysian Industrial Development Finance Bhd., increasing its issued share capital from RM 2.00 to RM 1,000,000.

3. *CapitaLand Retail Malaysia Sdn. Bhd. (incorporated in Malaysia)*

On December 17, 2009, CapitaLand Retail Malaysia Sdn. Bhd. issued 499,998 shares of RM 1.00 each to CapitaLand Retail (MY) Pte. Ltd., increasing its issued share capital from RM 2.00 to RM 500,000.

4. *CapitaMalls Asia Treasury Limited (incorporated in Singapore)*

On March 23, 2010, CapitaMalls Asia Treasury Limited issued 9,999,999 shares of S\$1.00 each to CapitaMalls Asia Limited, increasing its issued share capital from S\$1.00 to S\$10,000,000.

5. *CMMT Investment Limited (incorporated in Malaysia)*

On October 19, 2010, CMMT Investment Limited issued 318,654 shares to CapitaLand Retail (MY) Pte. Ltd., increasing its issued share capital from US\$1.00 to US\$318,655.

6. *CMA Singapore I Pte. Ltd. (incorporated in Singapore)*

On July 20, 2011, CMA Singapore I Pte. Ltd. issued 49,999,999 shares to the Company increasing its issued share capital from S\$1.00 to S\$50,000,000.

7. *CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd (incorporated in the People's Republic of China)*

On 21 July 2011, CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd has increased its registered capital from US\$4,040,000 to US\$28,040,000.

Save as described above, there has been no other alteration in the share capital of the subsidiaries of our Company within the two years preceding the date of this listing document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following contracts (not being contract entered into in the ordinary course of our business) which are or may be material within the two years immediately preceding the date of this listing document:

- (a) the Restructuring Agreement – EFM dated October 30, 2009 in relation to the acquisition of the entire issued share capital of each of the RECM Trustees and Managers and the REIT Managers and certain debts owing to the vendor by CapitaLand Retail RECM Pte. Ltd., for an aggregate cash consideration of approximately S\$88.3 million, subject to certain post-completion adjustments, entered into between CapitaLand Retail RECM Pte. Ltd. as the purchaser and CapitaLand RECM Pte. Ltd. as the vendor;
- (b) the Restructuring Agreement – RCCF dated October 30, 2009 in relation to the acquisition of an interest in approximately 15.00% of the number of issued redeemable preference shares in Raffles City China Fund by CMA RCCF Investment (BVI) Limited (formerly known as Wealthy Victory Investments Limited) and the rights and obligations to subscribe for such proportion of the outstanding undrawn capital of Raffles City China Fund for an aggregate cash consideration of approximately US\$99.0 million, subject to post-completion adjustments, entered into between CMA RCCF Investment (BVI) Limited as the purchaser and CapitaLand China (RCCF) Holdings Limited as the vendor;

- (c) the Restructuring Agreement – TRM dated October 30, 2009 in relation to the sale of the entire issued share capital of TRM Private Limited to Alexandrite Land Pte. Ltd., for a nominal consideration of S\$1.00, entered into between our Company as the vendor and Alexandrite Land Pte. Ltd. as the purchaser;
- (d) the Restructuring Agreement – VCPL dated October 30, 2009 in relation to the acquisition of the entire issued share capital of Victoria City Pte Ltd, for a consideration of approximately S\$87.8 million, subject to certain post-completion adjustments, entered into between CapitaLand Retail (BJ1) Holdings Pte. Ltd. as the purchaser and CapitaLand Commercial Limited as the vendor;
- (e) the Deed of Novation dated November 16, 2009 in relation to novation of loans provided by CapitaLand Treasury Limited to 15 of our subsidiaries to us, entered into between our Company, CapitaLand Treasury Limited and the 15 subsidiaries;
- (f) the Collaboration Agreement dated October 30, 2009 entered into between our Company and CapitaLand relating to agreed parameters regarding the extent to which the CapitaLand Group may collaborate with our Company in certain real estate investment opportunities while managing and minimising conflicts of interest;
- (g) the License Agreement dated October 30, 2009 entered into between our Company and CapitaLand for the license to use certain trademarks in the Group’s business with a consideration of S\$1.00 subject to the terms of the agreement;
- (h) the Shared Services Agreement dated October 30, 2009 and the Shared Services Agreement dated December 28, 2010 entered into between our Company and CapitaLand pursuant to which CapitaLand would provide the Group with advisory and other services in relation to treasury functions, administration, information technology, human resource, tax, risk management and corporate communication services and marketing. The annual fee for the service is computed in accordance with a formula set out in the agreement, subject to a minimum fee of S\$2.5 million per annum;
- (i) a Right of First Refusal granted to our Company by CapitaLand dated October 30, 2009, over any proposed sale of CapitaLand’s interests (whether direct or indirect) in CapitaMall Minzhongleyuan, Wuhan (formerly known as New Minzhong Leyuan Mall) or the shares or equity interests of the relevant company or entity which holds CapitaMall Minzhongleyuan, Wuhan (formerly known as New Minzhong Leyuan Mall), in consideration of a nominal amount of S\$1.00;
- (j) the Offer Agreement dated November 17, 2009 entered into between our Company, CapitaLand, J.P. Morgan (S.E.A.) Limited, DBS Bank Ltd., Credit Suisse (Singapore) Limited and Deutsche Bank AG, Singapore Branch (the latter four parties collectively, the “CMA Underwriters”) in relation to the underwriting by the CMA Underwriters of the sale of 106,652,000 Shares in Singapore in connection to our Company’s initial public offering in November 2009, in consideration of a commission of 2.2% of the gross proceeds from the sale of the aforesaid Shares, excluding any discretionary incentive fee, borne by CapitaLand;
- (k) the International Underwriting Agreement dated November 17, 2009 entered into between our Company, CapitaLand and the CMA Underwriters in relation to the underwriting by the CMA Underwriters of the international placement of 1,058,548,000 Shares offered to investors, including institutional and other investors in Singapore, as part of our Company’s initial public offering in November 2009, in consideration of a commission of 2.2% of the gross proceeds from the sale of the aforesaid Shares, excluding any discretionary incentive fee, borne by CapitaLand;
- (l) the Placement Agreement dated July 8, 2010 entered into between our Company, our majority-owned subsidiary CapitaMalls Malaysia REIT Management Sdn. Bhd., our wholly-owned subsidiary Menang Investment Limited, CIMB Investment Bank Berhad, J.P. Morgan Securities Ltd. and Maybank Investment Bank Berhad, (the latter three parties collectively, the “CMMT Underwriters”), in relation to the underwriting by the CMMT Underwriters of the conditional offer for sale by Menang Investment Limited of 719,022,000 units in CMMT in connection with the initial public offering of CMMT in June 2010, in consideration of a commission of 2.0% of the gross proceeds from the sale of the aforesaid units in CMMT, excluding any discretionary incentive fee, borne by Menang Investment Limited;

- (m) the Underwriting Agreement dated June 10, 2010 entered into between our Company, our majority-owned subsidiary CapitaMalls Malaysia REIT Management Sdn. Bhd., our wholly-owned subsidiary Menang Investment Limited and the CMMT Underwriters in connection with the underwriting of 67,500,000 units in CMMT offered as part of its initial public offering in June 2010, in consideration of a commission of RM1,486,000, excluding any discretionary incentive fee, of which RM1,001,000 was borne by Menang Investment Limited and RM484,000 was borne by the trustee of CMMT;
- (n) the Unit Lending Agreement dated July 8, 2010 entered into between our wholly-owned subsidiary Menang Investment Limited and J.P. Morgan Securities Ltd, as stabilising manager (“CMMT Stabilising Manager”), pursuant to which the CMMT Stabilising Manager could borrow up to an aggregate of 117,978,000 CMMT units from Menang Investment Limited for the purpose of effecting over-allotment of CMMT units or stabilisation activities in connection with the initial public offering of CMMT in June 2010;
- (o) the Agreement for Use of CapitaLand IT Infrastructure dated July 1, 2010 and the Agreement for Use of CapitaLand IT Infrastructure dated December 28, 2010 entered into between our Company and CapitaLand for use of CapitaLand’s information technology infrastructure by the Group. The consideration are calculated in accordance with the terms set out in the agreements, with the fees estimated to be approximately S\$4.3 million for the July 1, 2010 agreement and approximately S\$7.2 million for the December 28, 2010 agreement; and
- (p) the Sponsors’ Agreement dated September 30, 2011 entered into between our Company and the Joint Sponsors in connection with the listing of our Shares on the HKEx by way of introduction.

B. Our Intellectual Property Rights

Trademarks

As at the Latest Practicable Date, CapitaLand has given the Group its consent or license to use 37 of its trademarks which are either registered, may be registered or pending registration.

Domain Names

As at the Latest Practicable Date, we are the registered owner of, amongst others, the following domain names:

capitamallasia.com	capitamallsasia.my	capitamallsasia.in
capitamallasia.com.sg	capitamalls.com.my	capitamalls.co.in
capitamallasia.sg	capitamalls.my	capitamalls.in
capitamallasia.com.cn	capitamallsasia.jp	capitamalls.com
capitamallasia.cn	capitamalls.jp	capitamalls.com.sg
capitamallasia.co.in	capitamallsasia.com	capitamalls.sg
capitamallasia.in	capitamallsasia.com.sg	capitamalls.com.cn
capitamallasia.jp	capitamallsasia.sg	capitamalls.cn
capitamallasia.com.my	capitamallsasia.com.cn	
capitamallasia.my	capitamallsasia.cn	
capitamallsasia.com.my	capitamallsasia.co.in	

3. FURTHER INFORMATION ABOUT OUR DIRECTORS**A. Particulars of Directors' Contracts**

Save as disclosed in the paragraph headed "Employment Terms" of the section headed "Directors, Senior Management and Employees" in this listing document, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation).

B. Remuneration of Directors

The aggregate amounts of compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind, discretionary bonuses and awards of shares) which were paid to the Directors of our Company during the three years ended December 31, 2008, 2009 and 2010 were approximately S\$2,492,510, S\$2,873,044 and S\$3,236,809, respectively.

Save as disclosed above, no other payments have been paid or are payable by us to the Directors in respect of the three years ended December 31, 2008, 2009 and 2010.

Under the arrangements currently in force, our Company estimates that the aggregate remuneration (including benefits in kind but excluding any discretionary bonus payable and award of shares) of the Directors payable by our Company for the year ended December 31, 2011 will be approximately S\$1.5 million.

There is no arrangement under which any Director has waived, or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director during the current financial year.

C. Fees or Commissions Received

Save as disclosed in this listing document, none of the Directors or any of the persons whose names are listed in the paragraph headed "J. Consents" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this listing document.

D. Related Party Transactions

During the two years preceding the date of this listing document, we were engaged in related party transactions as described in Note 31 of the Accountants' Report set out in Appendix I to this listing document.

E. Directorships of our Directors and senior management within our Group

Professor Tan Kong Yam holds no directorships in our Group other than his position as a Director of our Company nor does he hold past directorships in public companies in the last three years preceding the Latest Practicable Date. The present and past directorships held by our Directors and Senior Management Executives in public companies and REIT Managers of listed REITs in the last three years preceding the Latest Practicable Date and current directorships held by our Directors and Senior Management Executives in our Group are as follows:

Directors**Mr Liew Mun Leong***Present Directorship – Listed Company/REIT Manager*

Our Company	CapitaLand Limited	CapitaMall Trust Management Limited (Manager of CapitaMall Trust)
CapitaCommercial Trust Management Limited (Manager of CapitaCommercial Trust)	CapitaRetail China Trust Management Limited (Manager of CapitaRetail China Trust)	Ascott Residence Trust Management Limited (Manager of Ascott Residence Trust)

Singapore Exchange Limited

Ms Chua Kheng Yeng Jennie*Present Directorship – Listed Company/REIT Manager*

Our Company	Ascott Residence Trust Management Limited (Manager of Ascott Residence Trust)
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Mr Lim Tse Ghow Olivier*Present Directorship – Listed Company/REIT Manager*

Our Company	CapitaMall Trust Management Limited (Manager of CapitaMall Trust)	Raffles Medical Group Ltd
Australand Holdings Limited	CapitaCommercial Trust Management Limited (Manager of CapitaCommercial Trust)	

Past Directorship – Listed Company/REIT Manager

CapitaRetail China Trust Management Limited (Manager of CapitaRetail China Trust)

Mr Sunil Tissa Amarasuryia*Present Directorship – Listed Company*

Our Company

Past Directorship – Listed Company

Extended Group Management

Board of Swiss Group Ltd

Tan Sri Amirsham A Aziz*Present Directorship – Listed Company*

Our Company

Samling Global Limited

Lingui Development Berhad

Dr Loo Choon Yong*Present Directorship – Listed Company*

Our Company

Raffles Medical Group Ltd

Mrs Arfat Pannir Selvam*Present Directorship – Listed Company*

Our Company

CapitaLand Limited

Mr Yap Chee Keong*Present Directorship – Listed Company/REIT Manager*

Our Company

Hup Soon Global Corporation
LimitedThe Straits Trading Company
Limited

Tiger Airways Holdings Limited

Past Directorship – Listed Company/REIT Manager

SPI Management Services Pty

Ltd (the manager of SP

AusNet¹)

Note:

¹ SP AusNet is a stapled group comprising two companies and a trust which is listed on the SGX-ST and The Australian Securities Exchange Limited.

Mr Lim Beng Chee*Present Directorship – Group*

Albert Complex Pte Ltd	Capita Card Pte. Ltd.	CapitaLand Retail Investments (SY) Pte. Ltd.
CapitaLand Retail (SI) Investments Pte. Ltd.	CapitaLand Retail (BJ1) Holdings Pte. Ltd.	CapitaLand Retail Singapore Investments Pte. Ltd
CapitaLand Retail Singapore Investments Two Pte. Ltd.	CapitaLand Retail India Pte. Ltd.	CapitaMalls China Fund Management Pte. Ltd.
CapitaMalls Japan Fund Management Pte. Ltd.	Clarke Quay Pte Ltd	One Trustee Pte. Ltd.
Plaza Singapura (Private) Limited	Premier Healthcare Services International Pte Ltd	Pyramex Investments Pte Ltd
CapitaLand Retail Management Pte Ltd	CapitaLand Retail Japan Investments Pte Ltd	CapitaMalls India Fund Management Pte. Ltd.
CapitaLand Retail (MY) Pte. Ltd.	CapitaMalls Asia Treasury Limited	JG Trustee Pte. Ltd
CMA Singapore Investments (4) Pte. Ltd.	CMA Singapore Investments (5) Pte. Ltd.	CMA Japan Holdings Pte. Ltd.
JG2 Trustee Pte. Ltd.	CMA Singapore Investments (6) Pte. Ltd.	CMA Singapore I Pte. Ltd.

Present Directorship – Listed Company/REIT Manager

Our Company	CapitaMall Trust Management Limited (Manager of CapitaMall Trust)	CapitaRetail China Trust Management Limited (Manager of CapitaRetail China Trust)
CapitaMalls Malaysia REIT Management Sdn. Bhd. (Manager of CapitaMalls Malaysia Trust)		

Past Directorship – Listed Company/REIT Manager

The Link Management Limited
(Manager of The Link Real Estate Investment Trust)

Senior Management Executives**Mr Ng Kok Siong***Present Directorship – Group*

CapitaMalls Asia Treasury Limited	CapitaMalls China Fund Management Pte. Ltd.	CapitaLand Retail RECM Pte. Ltd.
CapitaLand Retail India Pte. Ltd.	CapitaMalls India Fund Management Pte. Ltd.	CapitaLand Retail Japan Investments Pte. Ltd.
CapitaMalls Japan Fund Management Pte. Ltd.	CapitaLand Retail (MY) Pte. Ltd.	CapitaLand Retail Hong Kong Investments Pte. Limited
JG Trustee Pte. Ltd.	CMA Singapore Investments (4) Pte. Ltd.	CMA Singapore Investments (5) Pte. Ltd.
Brilliance Trustee Pte. Ltd.	CMA Singapore Investments (3) Pte. Ltd.	JG2 Trustee Pte. Ltd.
CMMT Investment Limited	CMA Singapore Investments (6) Pte. Ltd.	CMA Singapore I Pte. Ltd.

Present Directorship – Listed Company/REIT Manager

CapitaRetail China Trust Management Limited (Manager of CapitaRetail China Trust)	CapitaMalls Malaysia REIT Management Sdn. Bhd. (Manager of CapitaMalls Malaysia Trust)
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Mr Tan Tee Hieong*Present Directorship – Group*

Retail Crown Pte. Ltd.	CapitaLand Retail China Pte. Ltd.	CapitaRetail China Investment Pte. Ltd.
CMA RCCF Investment (BVI) Limited	CapitaLand Retail Hong Kong Investments Two (BV) Limited	Retail RECM (BVI) Limited
CapitaRetail (Beijing) Investment Consulting Co., Ltd.	CapitaRetail China Developments D18 (HK) Limited	Growing State Holdings Limited
CMA China II Pte. Ltd.	CMA China II (BVI) Holdings Limited	Cressida Enterprises Limited
Magic Bright Investments Limited	Better Value Holdings Limited	Exuberant Holdings Limited

Present Directorship – Listed Company/REIT Manager

CapitaRetail China Trust
Management Limited
(Manager of CapitaRetail
China Trust)

Mr Ho Chee Hwee Simon*Present Directorship – Group*

CapitaLand Retail Management Pte Ltd	CapitaLand Retail Project Management Pte Ltd	CapitaLand Retail (BJ) Investments Pte Ltd
Capita Card Pte Ltd	CapitaMalls India Fund Management Pte. Ltd.	CapitaLand Retail (MY) Pte. Ltd.
Pronto Investment One Pte. Ltd.	Gain 888 Investments Pte. Ltd.	Retail Galaxy Pte. Ltd.
CapitaLand Retail Management Kabushiki Kaisha	CapitaLand Retail Property Management India Private Limited	Milky Way Properties Berhad
CapitaRetail Gurney Sdn Bhd	Luxury Ace Sdn. Bhd.	CapitaLand Retail Malaysia Sdn. Bhd.

Present Directorship – Listed Company/REIT Manager

CapitaMall Trust Management
Limited (Manager of
CapitaMall Trust)

Ms Goh Hwee Peng*Present Directorship – Group*

Clarke Quay Pte. Ltd.	CapitaLand Retail (SI) Investments Pte. Ltd.	CapitaLand Retail (BJ1) Holdings Pte. Ltd.
CapitaLand Retail Singapore Investments Pte. Ltd.	CapitaRetail Singapore Management Pte. Ltd.	Victoria City Pte Ltd
Brilliance Trustee Pte. Ltd.	CMA Singapore Investments (3) Pte. Ltd.	

Mr Goh Soon Yong*Present Directorship – Group*

CapitaRetail China Developments D18 (HK) Limited	Growing State Holdings Limited	CMA China II (BVI) Holdings Limited
Cressida Enterprises Limited	Magic Bright Investments Limited	Better Value Holdings Limited
CapitaRetail (Beijing) Investment Consulting Co., Ltd.	CapitaLand Retail (Beijing) Facilities & Projects Consulting Co., Ltd.	Chengdu HuaYun JiangNan Real Estate Development Co., Ltd.
RongYue Chengdu Real Estate Co., Ltd.	CapitaMalls Chongqing Investment Co., Ltd.	CapitaMalls Hunan Commercial Property Co., Ltd.
CapitaMalls Zhangzhou Commercial Property Co., Ltd.	CapitaMalls Foshan City Nanhai Commercial Property Co., Ltd.	CapitaMalls Maoming City Commercial Property Co., Ltd.
CapitaMalls Beijing Business Co., Ltd	Exuberant Holdings Limited	CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd.

Present Directorship – Listed Company/REIT Manager

CapitaMalls Malaysia REIT Management San. Bhd.
(Manager of CapitaMalls Malaysia Trust)

Mr Lock Wai Han*Present Directorship – Group*

Better Value Holdings Limited	Exuberant Holdings Limited	CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd.
CapitaLand Retail (Beijing) Facilities & Projects Consulting Co., Ltd.	CapitaMalls Beijing Business Co., Ltd.	CapitaMalls Chongqing Investment Co., Ltd.
CapitaMalls Hunan Commercial Property Co., Ltd.	CapitaMalls Zhangzhou Commercial Property Co., Ltd.	CapitaMalls Foshan City Nanhai Commercial Property Co., Ltd.

CapitaMalls Maoming City Commercial Property Co., Ltd.	RongYue Chengdu Real Estate Co., Ltd.	Chengdu HuaYun JiangNan Real Estate Development Co., Ltd.
Shanghai Yongwei Real Estate Company Limited	Chisholme Limited	Progressive Alliance Holdings Limited
Navin Holdings Limited	CMA China II Developments (HK1) Limited	Fast Action Investments Limited
Giant Castle Investments Limited	CMA China III Pte. Ltd.	Gold Achiever Limited
Gold Conqueror Limited	Gold Runner Limited	

Past Directorship – Listed Company/REIT Manager

CapitaMalls Malaysia REIT Management Sdn. Bhd.
(Manager of CapitaMalls Malaysia Trust)

Ms Lim Hwee Li

Present Directorship – Group

CapitaLand Retail (MY) Pte. Ltd.	Pronto Investment One Pte. Ltd.	Gain 888 Investments Pte. Ltd.
Retail Galaxy Pte. Ltd.	Omnitrix Investment Pte. Ltd.	Jupiter Retail Pte. Ltd.
Milky Way Properties Berhad	CapitaRetail Gurney Sdn. Bhd.	Luxury Ace Sdn. Bhd.
CapitaLand Retail Malaysia Sdn. Bhd.	CMMT Investment Limited	Scenic Growth Sdn. Bhd.
Success Idea Sdn. Bhd.		

Present Directorship – Listed Company/REIT Manager

CapitaMalls Malaysia REIT Management Sdn. Bhd.
(Manager of CapitaMalls Malaysia Trust)

Mr Yong Kam Yuen*Present Directorship – Group*

CapitaLand Retail Project Management Pte. Limited	CapitaLand Retail Singapore Investments Two Pte. Ltd.
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Mr Toh Kim Sai*Present Directorship – Group*

Menang Investment Ltd.

Mr Chee Tien Jin Kevin*Present Directorship – Group*

CapitaLand Retail India Pte. Ltd.	CapitaLand Retail India Investments Pte. Ltd.	CapitaLand Retail Property Management India Private Limited
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Mr Kek Chee How*Present Directorship – Group*

CapitaMalls Japan Fund Management Pte. Ltd.	CapitaLand Retail Japan Investments Pte. Ltd.	CMA Japan Holdings Pte. Ltd.
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CapitaLand Retail Management
Kabushiki Kaisha**4. DISCLOSURE OF INTERESTS****A. Interests of our Directors, Chief Executive Officer and Substantial Shareholders (as defined under the Singapore Companies Act) in the Share Capital of our Company**

As disclosed in the section entitled “Waivers”, the SFC has granted the Company a partial exemption of Part XV of the SFO, and the Company shall comply with requirements relating to the disclosure of interests in compliance with the Singapore Companies Act and the Securities and Futures Act, subject to certain conditions stated therein. The disclosure of interests in this Part A is therefore based on the requirements under the Singapore Companies Act and the Securities and Futures Act and not Part XV of the SFO, however still subject to the Model Code for Securities Transactions by Directors of Listed Companies to the HKEx Listing Rules.

The table below sets out the names of each substantial shareholder (which is defined under the Singapore Companies Act as a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares), each Director and Chief Executive Officer of the Company and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) as at the Latest Practicable Date immediately before the Listing Date. Beneficial ownership generally includes any Shares over which a person exercises sole or shared voting or investment power.

Each shareholder has sole voting and investment power for the Shares shown as beneficially owned by him or her. The percentage ownership set out in the table below is based on 3,885,081,827 Shares outstanding as at the Latest Practicable Date.

	Before Listing (as at the Latest Practicable Date)			
	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Mr Liew Mun Leong	456,540	0.0118	–	–
Ms Chua Kheng Yeng Jennie	159,800	0.0041	–	–
Mr Lim Tse Ghow Olivier	888,000	0.0229	–	–
Mr Sunil Tissa Amarasuriya	31,850	0.0008	–	–
Tan Sri Amirsham A Aziz	–	–	–	–
Dr Loo Choon Yong	783,200	0.0202	–	–
Mrs Arfat Pannir Selvam	60,400	0.0016	–	–
Professor Tan Kong Yam	6,650	0.0002	–	–
Mr Yap Chee Keong	33,250	0.0009	–	–
Mr Lim Beng Chee	251,000	0.0065	–	–
Substantial shareholder⁽¹⁾				
Temasek Holdings (Private) Limited ⁽²⁾	–	–	2,554,792,409 ⁽³⁾	65.76
CapitaLand Limited	2,544,020,000	65.48	–	–
Public	1,338,391,137	34.45	–	–
Total	3,885,081,827	100.0	2,554,792,409	65.76

Notes:

- (1) This assumes that our existing substantial shareholders will not participate in the trading of any Shares between the Latest Practicable Date and the Listing Date.
- (2) By virtue of Section 7 of the Act, Temasek Holdings (Private) Limited is deemed to have an interest in the Shares held by CapitaLand. Temasek Holdings (Private) Limited is wholly-owned by the Minister For Finance.
- (3) Based on the information provided by Temasek Holdings (Private) Limited as at the Latest Practicable Date.

The interests of the Directors in outstanding Awards as at the Latest Practicable Date are set out below:

Directors	No. of Shares comprised in outstanding Awards	
	Performance Share Plan	Restricted Stock Plan
Mr Liew Mun Leong	–	14,540
Ms Chua Kheng Yeng Jennie	–	3,800
Mr Lim Tse Ghow Olivier	–	8,000
Mr Sunil Tissa Amarasuriya	–	6,850
Tan Sri Amirsham A Aziz	–	–
Dr Loo Choon Yong	–	8,200
Mrs Arfat Pannir Selvam	–	6,400
Professor Tan Kong Yam	–	6,650
Mr Yap Chee Keong	–	8,250
Mr Lim Beng Chee	Up to 790,800 Shares ⁽¹⁾	74,000 (plus up to 150,000 Shares ⁽¹⁾)

Note:

- (1) The actual number of Shares to be released will depend on the achievement of pre-determined targets under the Performance Share Plan and the Restricted Stock Plan.

B. Disclaimers

Save as disclosed in this listing document:

- (a) none of our Directors nor any of the parties listed in the paragraph headed “I. Consents” in this Appendix is interested in our promotion, or in any assets which have, within two years immediately preceding the issue of this listing document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors nor any of the parties listed in the paragraph headed “I. Consents” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this listing document which is significant in relation to our business;
- (c) none of the parties in the aforesaid paragraph:
 - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiary; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;
- (d) within the two years preceding the date of this listing document, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (e) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;
- (f) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (g) save for the SGX-ST, none of the equity securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought and we have no issued or outstanding debt securities;
- (h) we have no outstanding convertible debt securities or debentures;
- (i) within the two years immediately preceding the date of this listing document, no commissions, discounts, brokerages or other special items have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (j) within the two years preceding the date of this listing document, no commission has been paid or is payable (except commissions to the underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company; and
- (k) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this listing document to any of our promoters nor are any such securities or amount or benefit intended to be paid or allotted or given in connection with the Listing or the related transactions described in this listing document.

5. OTHER INFORMATION**A. Estate Duty Indemnities**

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of the Group in Singapore, Hong Kong, PRC and other jurisdictions in which members of the Group are incorporated.

B. Litigation

As at the Latest Practicable Date, we are not aware of any material litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operation.

C. Joint Sponsors

Each of the Joint Sponsors, namely CICC and JPM, has respectively declared its independence pursuant to Rule 3A.07 of the HKEx Listing Rules.

The Joint Sponsors have made an application on our behalf to the Listing Committee of the HKEx for listing of, and permission to deal in, our Shares. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

D. Compliance Adviser

We will appoint Anglo Chinese Corporate Finance, Limited as our compliance adviser, or the Compliance Adviser, upon Listing in compliance with Rule 3A.19 of the HKEx Listing Rules.

E. Preliminary Expenses

Our estimated preliminary expenses are approximately HK\$5 million and are payable by our Company.

F. Qualification of experts

The qualifications of the experts, as defined under the HKEx Listing Rules, who have given opinions in this listing document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated under the SFO
J.P. Morgan Securities (Asia Pacific) Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading service) regulated under the SFO
KPMG LLP	Certified Public Accounts (Singapore)
Commerce & Finance Law Offices	Legal adviser to the Company as to PRC laws
CB Richard Ellis Limited	Property valuer to the Company
CB Richard Ellis (Malaysia) Sdn Bhd	Industry consultant and property valuer to the Company
CB Richard Ellis (Pte) Ltd	Property valuer to the Company
CB Richard Ellis South Asia Private Limited	Property valuer to the Company
DTZ Debenham Tie Leung Limited	Industry consultant and property valuer to the Company
DTZ Debenham Tie Leung K.K.	Property valuer to the Company
Jones Lang LaSalle Hotels	Property valuer to the Company
Jones Lang LaSalle Property Consultants Pte. Ltd.	Property valuer to the Company
Jones Lang LaSalle Property Consultants (India) Pvt. Ltd	Industry consultant to the Company
Knight Frank (India) Pvt. Ltd.	Property valuer to the Company
Knight Frank Petty Limited	Property valuer to the Company
Knight Frank Pte Ltd	Property valuer to the Company
Land Coordinating Research Inc.	Property valuer to the Company
PPC International Sdn Bhd	Property valuer to the Company
Savills Valuation and Professional Services Limited	Property valuer to the Company
Tanizawa Sogo Kanteisho K.K.	Property valuer to the Company
Urbis Pty Ltd	Industry consultant to the Company
Yoshimura Planning & Appraisal Co., Ltd.	Property valuer to the Company

G. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2010.

H. Miscellaneous

- (a) There is no arrangement under which future dividends are waived or agreed to be waived; and
- (b) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months.

I. Consents

Each of the Joint Sponsors, KPMG LLP as our independent auditors, each of the Independent Valuers, each of the Industry Consultants and Commerce & Finance Law Offices, has given and has not withdrawn its respective written consents to the issue of this listing document with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

J. Bilingual Document

The English language and Chinese language versions of this listing document are being published separately.

This listing document is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this listing document and the Chinese translation, the English language version of this listing document shall prevail.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Allen & Overy at 10th Floor, Three Exchange Square, Central, Hong Kong during normal business hours up to and including October 15, 2011:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants' Report prepared by KPMG LLP, the text of which is set out in "Appendix I – Consolidated Financial Information for the Years Ended December 31, 2008, 2009 and 2010 and Six Months Ended June 30, 2010 and 2011 with Reporting Accountants' Report Thereon";
- (c) the audited financial statements of the subsidiaries of the Group for each of the three financial years ended December 31, 2008, 2009 and 2010;
- (d) the valuation certificates and reports relating to the Group's property interests prepared by the Independent Valuers, and the summary property valuation report of the Group in Appendix III;
- (e) the industry report prepared by the Industry Consultants, the text of which is set out in "Appendix V – Industry Overview";
- (f) the PRC legal opinion issued by Commerce & Finance Law Offices, our legal advisers on PRC law, in respect of, among other things, general matters, property interests and taxation matters of our Group;
- (g) the material contracts referred to in the section headed "Appendix X – Statutory and General Information – 2. Further Information about our Business – Summary of our material contracts";
- (h) the written consents referred to in the section headed "Appendix X – Statutory and General Information – 5. Other Information – F. Qualification of Experts and – I. Consents"; and
- (i) the rules of the Share Plans.

In addition:

- (a) the Singapore Companies Act can be accessed via the internet at <http://statutes.agc.gov.sg>;
- (b) the Securities and Futures Act can be accessed via the internet at <http://statutes.agc.gov.sg>;
- (c) the SGX Listing Manual can be accessed via the internet at http://rulebook.sgx.com/en/display/display_main.html?rbid=3271&element_id=4830; and
- (d) the Singapore Take-over Code can be assessed via the internet at http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Codes.html.

Any information contained in, or that can be accessed via the above websites does not constitute or form part of this listing document.