SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary explains the Group's significant accounting policies which have been consistently applied, except where otherwise indicated:

(a) Basis of Accounting
The accounts are prepared in accordance with the historical cost convention modified by revaluation of certain fixed assets, investment properties and investments in subsidiary and associated companies.

(b) Basis of Consolidation
The Group accounts consolidate the accounts of the Company and its subsidiary companies, all of which prepare audited accounts at 31 December. Subsidiary companies are those in which more than 50% of the issued share capital is held or in which the Group has Board control.

The accounts of subsidiary companies acquired or disposed of during the year are included in or excluded from Group figures from the effective dates of acquisition or disposal. Any excess or deficit of the cost of investments over net assets acquired is shown as a direct movement in capital reserves. On realisation, this excess or deficit is transferred direct to revenue reserves.

(c) Subsidiary Companies
Investments in subsidiary companies are stated in the accounts of the Company at the attributable share of their combined net asset value. Any revaluation surplus or deficit arising each year is transferred direct to capital reserves.

(d) Associated Companies
Associated companies are those in which the Group has a long-term substantial equity interest and in whose commercial and financial policy decisions the Group actively participates. The Group's share of profits less losses of associated companies, as shown in their audited accounts for the year ended 31 December (except for certain associated companies), is included in the Group's results.

The results of certain associated companies which do not prepare audited accounts at 31 December are based on their latest audited accounts and unaudited management accounts for the ensuing months up to 31 December.

Investments in associated companies are stated in the Company's and Group's accounts at the attributable share of their combined net asset value as shown in their accounts. Any revaluation surplus or deficit arising each year is taken direct to capital reserves.

(e) Other Investments
Investments held on a long-term basis are stated at average cost. Provision is made for any diminution in value which is considered to be permanent.

Dividend income is recognised in the accounts when it is declared to be payable by the investee companies.

(f) Fixed Assets

All fixed assets, except for freehold and long leasehold (i.e. with unexpired tenures of over 20 years) land and hotel properties, are depreciated evenly over their expected useful lives and residual values have also been taken into account where appropriate. The estimated useful lives of the Group's fixed assets have been taken as follows:

Buildings	30 to 50 years
Short leasehold land and buildings	Over period of lease (ranging from 2 to 20 years)
Machinery and equipment	3 to 7 years
Motor vehicles	4 to 5 years

It is the Group's practice to follow a regular programme of refurbishments to maintain its hotel properties in a continued state of sound repair, and to make improvements thereto periodically. Any element of depreciation is considered to be immaterial.

Profits or losses on disposal of all fixed assets are included in the profit and loss account.

(g) Investment Properties

Revaluation surpluses arising on annual valuations of the Group's investment properties are credited direct to capital reserves. Revaluation deficits are taken to the profit and loss account as extraordinary items in the absence of or to the extent that they exceed any surpluses held in reserves relating to previous revaluations.

Profits or losses on disposal of all investment properties are included in the profit and loss account. Any surpluses held in capital reserves in respect of previous revaluations of investment properties disposed of during the year are regarded as having become realised and are transferred to the profit and loss account.

(h) Properties Held for Development

Development properties held for sale are stated at the lower of cost and net realisable value. Upon receipt of temporary occupation permits, they are transferred to current assets as completed properties held for sale.

Profit recognised on partly completed projects which are held for sale is based on the percentage of completion method. The amount brought into the accounts is the direct proportion of total expected project profit attributable to the actual sales contracts signed, but only to the extent that it relates to the stage of physical completion at the end of the year and after making provision for contingencies. When losses are expected, full provision is made in the accounts after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in the profit and loss account for the year.

Profit on partly completed projects which are held for sale less any provision to reduce cost to estimated realisable value as well as the profit or loss on sale of completed properties are included in the operating results for the year.

Investment properties held for development are stated at cost, which includes cost of land and construction, related overhead expenditure and financing charges and other net costs incurred during the period of development. They are considered completed and are transferred to investment properties when they are ready for their intended use as defined in Statement of Accounting Standard 19.

Each investment property under development is accounted for as a separate project. Where a project comprises more than one component, each component is treated as a separate project, and interest and other net costs are apportioned accordingly.

(i) Completed Properties Held for Sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, and interest incurred during the period of construction.

(j) Stocks

Stocks are valued at the lower of weighted average cost and net realisable value after adequate provision is made for damaged, obsolete or slow-moving stocks on an item by item basis. For finished goods and work-in-progress, cost comprises materials, direct labour and an appropriate proportion of fixed and variable overheads.

Profits are not recognised on short-term contracts until the contracts are completed. In the case of partly completed long-term contracts, profits recognised are based on the percentage of completion method. When losses are expected, full provision is established in the accounts after adequate allowance has been made for estimated costs to completion.

Progress claims made against work-in-progress are offset against the cost of work-in-progress and the profits recognised on partly completed long-term contracts less any provision required to reduce cost to estimated realisable value.

(k) Debtors

Known bad debts are written off and specific provisions are made for any debts which are considered doubtful.

(l) Deferred Taxation

Deferred taxation is provided for under the liability method at current rates of taxation on the excess of book values of fixed assets over their tax written down values, and timing differences on certain provisions or charges in the accounts for which tax relief is not immediately available.

Future tax benefits arising from unutilised tax losses and capital allowances are recognised in the accounts only if there is reasonable assurance that they will be utilised against future taxable profits. These future tax benefits are offset against the deferred tax liability in the Group's accounts.

(m) Foreign Currencies

Foreign currency monetary assets and liabilities are converted into Singapore dollars, the currency in which these accounts are stated, at the exchange rates ruling at the end of the year. Exchange differences arising from the conversion are dealt with through the profit and loss account, or in reserves when foreign equity investments are hedged by foreign currency borrowings.

Transactions arising in foreign currencies during the year are converted at rates closely approximating those ruling on the transaction dates. Profits or losses arising from completed transactions are taken to the profit and loss account.

For inclusion in Group accounts, all assets and liabilities of foreign subsidiaries and associated companies are translated into Singapore dollars at the exchange rates ruling at the end of the year. Exchange differences due to such currency translations as well as the exchange differences in respect of offsetting foreign currency loans or other hedging instruments are dealt with in reserves. The trading results of foreign subsidiaries and associated companies are translated into Singapore dollars at the average exchange rates for the year.