HOTEL PROPERTIES LIMITED
ANNUAL REPORT 2006

INDULGE

JOSEPH GRIMBERG
CHAIRMAN

"Group net profit after tax and minority interest for the year ended December 31, 2006, was $99 million compared to $38.3 million last year."

CONTENTS

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

For the year ended December 31, 2006, the Group achieved a turnover of $355.4 million, a 16.8% increase over the $304.2 million achieved last year. The improvement was due to higher revenue generated by the Group's Hotels and Properties divisions.

The Group adopted the *FRS 40 Investment Property* accounting standard during the year under review. The resultant revaluation reserves of $27.3 million as at January 1, 2006, were transferred to Retained Profits, and an amount of $55.7 million for fair value changes to the investment properties during the year has been reflected as a gain in the Group's Consolidated Profit and Loss Statement for the year under review.

Taking into account the fair value gain, the Group recorded profits before tax of $120.2 million for the year, more than double the $46.8 million achieved last year. Excluding the fair value gain, the Group's profit before tax for current year would have been $64.5 million, with the improvement coming mainly from recognition of profits from the Robertson Blue development, recognition of profits from The Met Bangkok development, and gains on the sale of condominium units at Four Seasons Park. The Group also recorded fair value gains and profits on the sale of short term quoted investments, the stock market having picked up towards the end of the year.

Despite the outstanding performance of the Group's hotels in Singapore, the bottomline of this Division was adversely affected by pre-opening expenses incurred by the Kuda Huraa and Landaa Giraavaru resorts in the Maldives, which commenced operations in September and November 2006 respectively. The resorts in Bali did not perform as well as last year as a result of terrorist activities in October 2005. The Hotel division's segment results for 2005 included a gain on the disposal of the Concorde Hotel Gold Coast of $14 million, which is non-recurring.

The Group's interest expense increased by 53% from $18.1 million to $27.7 million due to higher borrowings as a result of new investments in Kensington High Street, London, 21st Century Tower in Shanghai, and the en bloc purchase of Beverly Mai, Singapore. These acquisitions also resulted in an increase in the value of the Group's assets, as reflected in the Group's Balance Sheet as at December 31, 2006.

Group net profit after tax and minority interest for the year ended December 31, 2006, was $99 million compared to $38.3 million last year.

RECENT DEVELOPMENTS

The Group acquired a 70% equity interest in Palmco Hotels Sdn Bhd - the owner and operator of Casuarina Beach Resort in Penang, and is currently engaged in the design development stage of transforming it into a lifestyle hotel.

On the property front, the Group successfully bid for Beverly Mai, a desirable freehold site in the Orchard Boulevard/Tomlinson Road area in a $238 million collective purchase.
An outstanding apartment block is planned for the site.

The Group has established Horizon Partners Pte Ltd in joint venture with Horizon Investments Ltd and Qatar Investment Authority. Horizon Investments Ltd is wholly-owned and managed by Morgan Stanley Real Estate, which owns US$102 billion worth of real estate assets worldwide, and currently manages US$60.5 billion in real estate assets on behalf of its clients. Qatar Investment Authority is the investment arm of the State of Qatar and reports directly to the Supreme Council for Economic Affairs and Investment. Its principal aim is the investment of the State of Qatar's surplus financial resources in regional and international markets, blue chip companies and projects.

Horizon Partners Pte Ltd has exercised an option to purchase Horizon Towers, a leasehold condominium property located at Leonie Hill, Singapore for a total purchase price of $500 million. Horizon Towers comprises two 20-storey towers comprising 210 residential units with a gross floor area of approximately 62,444.2 m^2. The sale and purchase of the property is subject to Strata Title Board and other relevant approvals. The property is in a prime location and it is the intention of the joint venture to re-develop the property into luxury apartments.

In January 2007, the Group acquired the remaining 41% equity interest in Hermill Investments Pte Ltd which owns "Forum The Shopping Mall" - a 17-storey retail-cum-office building located at Orchard Road. The acquisition will provide the Group with flexibility in exploring the possibilities of re-developing the property, either on its own or in conjunction with adjacent/adjoining properties owned by the Group.

PROSPECTS

The outlook for the property market and the hotel industry in Singapore remains positive. The reopening of the Four Seasons Resort Maldives at Kuda Huraa and the opening of the new Four Seasons Resort Maldives at Landaa Giraavaru in late 2006 are expected to contribute positively to the Group's operating results for 2007. The Group's hotels in Bali are expected to perform satisfactorily, given that Bali has been free of adverse events since 2005. Barring unforeseen circumstances, the Group's operating performance in 2007 is expected to be profitable.

DIVIDEND

The Board recommends a first and final dividend of 2.5 cents per ordinary share less income tax at 18%, and a special dividend of 2.5 cents per ordinary share less income tax at 18%, for the year ended December 31, 2006.

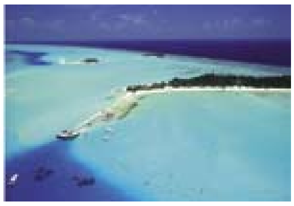
On behalf of the Board, I would like to thank our shareholders, stakeholders, customers, bankers, business associates and staff for contributing to a successful year.

JOSEPH GRIMBERG
Chairman
March 12, 2007

HOTEL

2006 WAS ANOTHER VERY GOOD YEAR FOR OUR HOTELS IN SINGAPORE.



BUSINESS REVIEW: HOTEL

The Hotel Division has interests in 19 hotels in eight countries, namely, Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Vanuatu, and the United States. Renowned for their excellence in hospitality and critically acclaimed for their trendsetting styles, these hotels are widely acknowledged by their prestigious brands like Four Seasons Hotels and Resorts, Hilton, The Metropolitan, Le Meridien, Hard Rock Hotels, and Concorde Hotels & Resorts.

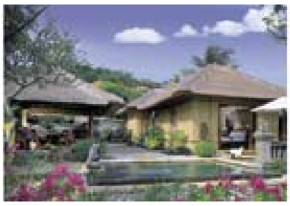
Singapore continues to bring in visitors as a result of the many high profile conventions that the city has been hosting since the beginning of 2006. With the recovering regional economies, visitor arrivals have also increased significantly. Accordingly, 2006 was another very good year for our hotels in Singapore. This has had a positive effect on the hotels' F&B business and raised the revenues of other income that arose from the higher occupancies.

In Bali, we saw a relatively strong recovery of the business at the higher end of the market, while business from The Metropolitan Bangkok and Hard Rock Hotel Pattaya was stable.

The Four Seasons Resort Maldives at Kuda Huraa re-opened in mid September 2006 after extensive renovations. Designed to reflect the country's indigenous culture, the resort features beach bungalows with plunge pools and breathtaking ocean views. There are also extra-spacious beach pavilions, some with interconnecting gates, which make them the perfect choice for a family on vacation; and supremely luxurious water bungalows with fresh new interiors and enlarged bathrooms and living area, offering endless views of sunrise, sunshine and sunset.

THE FOUR SEASONS RESORT MALDIVES AT LANDAA GIRAAVARU WAS OPENED IN EARLY NOVEMBER 2006.





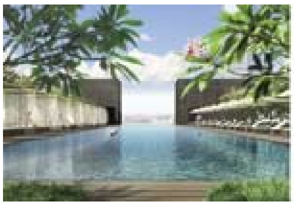
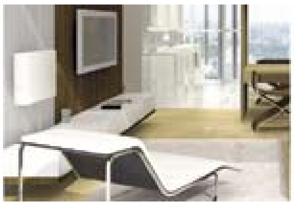

The other newly constructed resort, the Four Seasons Resort Maldives at Landaa Giraavaru, was opened in early November 2006. Occupying the entire 18 acres of the pristine island of Landaa Giraavaru, this resort comprises 102 thatched beach and water bungalows and villas, all of which guarantee complete privacy. Each villa places its guests at the centre of their own private sanctuary where the real extravagance lies in the abundance of personal indoor and outdoor living space. A new villa concept is also introduced in this development: 'Land and Ocean' villas. These combine the attractions of land-based accommodation and private water frontage with the appeal of sleeping over water - the extensive areas linked by wooden walkways.

Other developments for the Group in the year include the acquisition of a 70% equity stake in Palmco Hotels Sdn Bhd - the owner and operator of Casuarina Beach Resort in Penang. This is a 5-storey 3-star hotel with 177 rooms that sits on 20,657 m^2 of freehold land located on the seaward side of the northern coast of West Malaysia, with 210 m of beach frontage. The Group is transforming this prime location into a lifestyle hotel.

The Group also has a hotel management arm which provides services to a number of hotels in the region, through the Group's wholly-owned subsidiaries, HPL Hotels & Resorts Pte Ltd and Concorde Hotels and Resorts (Malaysia) Sdn Bhd.

PROPERTY

THE GROUP HAS GAINED A REPUTATION FOR BUILDING QUALITY RESIDENTIAL PROPERTIES SUCH AS FOUR SEASONS PARK, NASSIM JADE, SCOTTS 28 AND CUSCADEN RESIDENCES.

BUSINESS REVIEW: PROPERTY

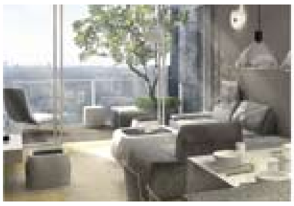
2006 was another banner year for the Group, during which our desire and ability to grow was demonstrated in many ways. This was due to the resurging market conditions and the strong Singapore economy.

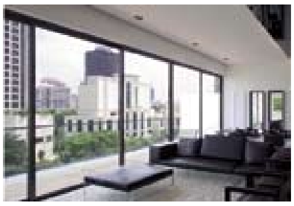
The Group has gained a reputation for building quality residential properties such as Four Seasons Park, Nassim Jade, Scotts 28 and Cuscaden Residences. The latest addition to our exclusive line-up of luxe urban living was the Robertson Blue condominium project, which obtained Temporary Occupation Permit in May 2006. Consisting of 36 exclusive units of two- and three-bedroom apartments, this contemporary development provides expansive views of the Singapore River and is perfectly located in the centre of urban fun and buzz of restaurants, shops and nightlife.

Setting the benchmark for city living is The Met, a top-end condominium right at the heart of Bangkok. This 66-storey architectural stunner is one of the more distinguished residential addresses in Bangkok. It is also the winner of the prestigious AR MIPIM Future Project Award 2006 for the Tall Buildings category. This award is given in recognition of excellence in architecture and environmental design. The Met provides all apartments with cross-ventilation and full exposure to light and views. There are also outdoor living area, planters and sky gardens creating dramatic yet human-scaled external spaces at high level.

Through a $238 million collective purchase, the Group secured the Beverly Mai site on Tomlinson Road to develop a luxurious condominium. This site is next to the Group's Four Seasons Park condominium and is also close to the Four Seasons Hotel.

THE GROUP ALSO ENTERED INTO A JOINT VENTURE AGREEMENT WITH HORIZON INVESTMENTS LTD AND QATAR INVESTMENT AUTHORITY TO JOINTLY ACQUIRE HORIZON TOWERS, A LEASEHOLD CONDOMINIUM.



The Group also entered into a Joint Venture Agreement with Horizon Investments Ltd and Qatar Investment Authority to jointly acquire Horizon Towers. Located at 15 Leonie Hill / 29 Leonie Hill Singapore, the Sale and Purchase Agreement for this leasehold condominium is subject to approval from the Strata Title Board and other relevant authorities. Horizon Towers comprises two 20-storey towers with 210 units in total and a combined gross floor area of approximately 62,444.2 m^2. Given the prime location of this property and its proximity to the Orchard Road shopping belt, it is the goal of this Joint Venture to transform the existing property into a new luxurious residential landmark.

The properties currently held by the Group for investment purposes include Forum The Shopping Mall and shop units at Meridien Shopping Centre. Through its wholly owned subsidiary, Maxford Investments Pte Ltd, the Group has acquired the remaining 41% equity interest in Forum The Shopping Mall - a 17-storey retail-cum-office development located at Orchard Road. This gives the Group 100% ownership of this mall and an increased presence within the heart of Singapore's shopping district.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Joseph Grimberg

Managing Director
Ong Beng Seng

Members
Christopher Lim Tien Lock
Gordon Seow Li Ming
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock
Leslie Mah Kim Loong
David Fu Kuo Chen

NOMINATING COMMITTEE

Chairman
Gordon Seow Li Ming

Members
Joseph Grimberg
David Fu Kuo Chen

REMUNERATION COMMITTEE

Chairman
Joseph Grimberg

Members
Michael S. Dobbs-Higginson
Ong Beng Seng

AUDIT COMMITTEE

Chairman
Arthur Tan Keng Hock

Members
Leslie Mah Kim Loong
Gordon Seow Li Ming

SECRETARIES

Chuang Sheue Ling
Lo Swee Oi

PRINCIPAL BANKERS

OCBC Bank
DBS Bank
United Overseas Bank

AUDITORS

Deloitte & Touche
Certified Public Accountants,
Singapore
Partner-in-charge
Cheung Pui Yuen
(appointed on May 28, 2002)

REGISTRAR

Lim Associates (Pte) Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Telephone: 6536 5355

REGISTERED OFFICE

50 Cuscaden Road
#08-01 HPL House
Singapore 249724
Telephone: 6734 5250

FINANCIAL STATEMENTS 2006

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2006.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Joseph Grimberg
Ong Beng Seng
Christopher Lim Tien Lock
Gordon Seow Li Ming
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock
Leslie Mah Kim Loong
David Fu Kuo Chen

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at anytime during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as disclosed in paragraphs 3 and 5(d) of this report.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in the Company		
Ong Beng Seng	105,408,800**	108,428,800**
David Fu Kuo Chen	750,000	750,000
Christopher Lim Tien Lock	900,000	-

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of director and company in which interests are held	At beginning of year	At end of year
The subsidiary		
- HPL Resorts (Maldives) Pvt Ltd		
Shares of Maldivian Rufiyaa 1,000 each		
Ong Beng Seng	10,000*	10,000*
Options to acquire ordinary shares under the Hotel Properties Limited Executives' Share Option Scheme		
Christopher Lim Tien Lock	900,000	1,250,000

* Held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

** As at December 31, 2006, 105,428,800 (as at January 1, 2006, 102,408,800) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

By virtue of Section 7 of the Singapore Companies Act, Mr Ong Beng Seng is deemed to have an interest in the other related corporations of the Company.

There have been no changes in the above directors' interests as at January 21, 2007, except for Mr Christopher Lim Tien Lock's interest in the share capital of the Company which was increased to 500,000 shares, and options to acquire ordinary shares under the Company's Executives' Share Option Scheme which was reduced to 750,000.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements and that:

a) Messrs Ong Beng Seng and David Fu Kuo Chen are regarded to be interested in rental contracts at commercial rates in respect of certain shop and office units of the Group.

b) Mr Ong Beng Seng is deemed to be interested in transactions and arrangements entered into between certain subsidiaries and certain companies in which he has substantial financial interest for the provision of management services to operate certain hotels and resorts and retail shops.

c) Mr Ong Beng Seng is deemed to be interested in transactions and arrangements entered into between a subsidiary and a company in which he has substantial financial interest in relation to the operation of a restaurant.

5 SHARE OPTIONS AND PERFORMANCE SHARES

The Company has a share option scheme, known as Hotel Properties Limited Share Option Scheme 2000 ("Scheme 2000"), which was approved by the shareholders on June 23, 2000.

Scheme 2000 is administered by the Remuneration Committee whose members are:

Joseph Grimberg (Chairman)
Michael S. Dobbs-Higginson
Ong Beng Seng

a) Share Options Granted

On March 17, 2006 ("Offering Date"), options were granted pursuant to the Scheme 2000 to 12 executives of the Company to subscribe for 1,750,000 ordinary shares in the Company at the subscription price of $1.26 per ordinary share ("Offering Price").

The options may be exercised during the period from March 17, 2008 to March 16, 2016, both dates inclusive, by notice in writing accompanied by a remittance for the full amount of the Offering Price (subject to adjustments under certain circumstances).

The Offering Price was set at a discount to the market price of the shares based on the average last business done price for the shares of the Company as shown in the Financial News issued by the Singapore Exchange Securities Trading Limited for the three consecutive market days preceding the Offering Date or failing which, the last three market days on which there was trading in the shares of the Company before the Offering Date.

The employees to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

No other options to take up unissued shares of the Company or any corporations in the Group was granted during the financial year.

b) Share Options Exercised

During the financial year, the Company issued 1,335,000 new ordinary shares for cash following the exercise of options by executives of the Company granted in conjunction with the Scheme 2000.

Other than the above, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

5 SHARE OPTIONS AND PERFORMANCE SHARES (cont'd)

c) Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option except as follows:

Date of grant	Balance at 1/1/06 or date of grant if later	Number of Share Options			Exercise Price	Exercise Period
		Exercised	Cancelled	Balance at 31/12/06		
Pursuant to Scheme 2000						
13/11/2000	1,455,000	755,000	-	700,000	$1.30	13/11/2002 - 12/11/2010
13/11/2000	250,000	-	-	250,000	$1.21	13/11/2002 - 12/11/2010
27/09/2001	765,000	580,000	-	185,000	$1.00	27/09/2002 - 26/09/2011
28/02/2005	1,950,000	-	-	1,950,000	$1.10	28/02/2007 - 27/02/2015
17/03/2006	1,750,000	-	-	1,750,000	$1.26	17/03/2008 - 16/03/2016
Total	6,170,000	1,335,000	-	4,835,000		

d) The information on directors participating in Scheme 2000 and employees who received 5 per cent or more of the total number of options available under Scheme 2000 are as follows:

Name of director / employee	Options granted during the financial year	Aggregate options granted since commencement of Scheme 2000 to the end of the financial year	Aggregate options exercised since commencement of Scheme 2000 to the end of the financial year	Aggregate options outstanding at the end of the financial year
Director Christopher Lim Tien Lock	350,000	1,750,000	500,000	1,250,000

No options under Scheme 2000 were granted to controlling shareholders or their associates.

The Company also has a performance share plan, known as the Hotel Properties Limited Performance Share Plan ("HPL PSP"), which was approved by shareholders on April 28, 2006. The HPL PSP is administered by the Remuneration Committee.

The HPL PSP is a share-based incentive to reward participants by awarding new shares (the "Shares") in the Company to participants according to the extent to which their performance targets are achieved at the end of a specified performance period.

Since the commencement of the HPL PSP, no Shares have been awarded.

6 AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. The nature and extent of the functions performed by the Audit Committee are described in the Annual Report under "Corporate Governance Report".

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Joseph Grimberg

Ong Beng Seng

March 8, 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

We have audited the accompanying financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and of the Company as at December 31, 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 27 to 79.

Directors' Responsibility

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2006 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants
Singapore

Cheung Pui Yuen
Partner

March 8, 2007

BALANCE SHEETS
December 31, 2006

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
ASSETS					
Current assets					
Cash and bank balances	6	128,504	90,926	8,108	20,913
Held-for-trading investments	7	19,133	27,879	-	-
Trade receivables	8	29,928	17,444	2,211	1,678
Other receivables and prepayments	9	14,937	21,091	986	871
Derivative financial instruments	10	-	370	-	-
Amount due from associates	14	26,207	39,057	10,911	11,557
Amount due from subsidiaries	15	-	-	556,159	436,610
Inventories	11	6,863	5,937	212	169
Development properties	12	352,533	61,141	-	-
Completed properties held for sale	13	17,021	8,639	-	-
Total current assets		595,126	272,484	578,587	471,798
Non-current assets					
Associates	14	63,478	41,221	3,223	3,223
Subsidiaries	15	-	-	226,087	250,132
Available-for-sale investments	16	13,982	7,411	-	-
Prepayments	17	1,149	1,354	-	-
Property, plant and equipment	19	1,124,890	1,076,168	228,481	228,469
Investment properties	20	374,628	274,829	-	-
Deferred tax assets	25	1,714	154	-	-
Derivative financial instruments	10	76	138	76	138
Intangible assets	21	15,931	16,698	-	-
Total non-current assets		1,595,848	1,417,973	457,867	481,962
Total assets		2,190,974	1,690,457	1,036,454	953,760
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	22	129,780	179,313	74,963	74,944
Trade payables	23	65,154	34,911	15,165	11,897
Other payables	24	31,825	18,769	-	-
Amount due to associates	14	457	19,244	-	-
Amount due to subsidiaries	15	-	-	44,467	44,465
Income tax payable		15,489	6,288	1,647	589
Total current liabilities		242,705	258,525	136,242	131,895
Non-current liabilities					
Long-term bank loans	22	687,723	355,239	189,882	115,098
Other long-term liabilities	22	24,417	-	-	-
Deferred tax liabilities	25	14,760	5,289	570	529
Total non-current liabilities		726,900	360,528	190,452	115,627
Capital, reserves and minority interests					
Share capital	26	576,486	454,039	576,486	454,039
Reserves	27	506,097	565,140	133,274	252,199
Equity attributable to shareholders of the Company		1,082,583	1,019,179	709,760	706,238
Minority interests		138,786	52,225	-	-
Total equity		1,221,369	1,071,404	709,760	706,238
Total liabilities and equity		2,190,974	1,690,457	1,036,454	953,760

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT
Year ended December 31, 2006

	Note	Group 2006 $'000	Group 2005 $'000
Revenue	28	355,397	304,185
Cost of sales		(252,383)	(225,068)
Gross profit		103,014	79,117
Other operating income	28	13,545	2,341
Administrative expenses		(40,092)	(40,595)
Other operating expenses		(10,153)	(5,196)
Finance costs	29	(28,237)	(18,753)
Other non-operating income	30	15,588	18,917
Fair value changes in investment properties		55,701	-
Share of results of associates		10,827	10,966
Profit before income tax	30	120,193	46,797
Income tax expense	32	(20,656)	(10,385)
Profit for the year		99,537	36,412
Attributable to:			
Shareholders of the Company		98,966	38,338
Minority interests		571	(1,926)
		99,537	36,412
Earnings per share (Cents):	33		
- basic		21.78	8.45
- fully diluted		21.68	8.43

See accompanying notes to financial statements.

HOTEL PROPERTIES LIMITED

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2006

Group	Share capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Exchange fluctuation reserve $'000	Reserve on consolidation $'000	Other capital reserves $'000	Retained profits $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Balance as at January 1, 2005	453,024	121,092	271,495	356	-	(5,853)	-	-	162,495	1,002,609	54,114	1,056,723
Effect of changes in accounting policies: - FRS 21 (Note 2)	-	-	-	-	-	(39,817)	-	-	39,817	-	-	-
Balance as restated	453,024	121,092	271,495	356	-	(45,670)	-	-	202,312	1,002,609	54,114	1,056,723
Exchange fluctuation differences	-	-	-	-	-	(5,336)	-	-	-	(5,336)	213	(5,123)
Adjustment arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	-	1,990	-	-	1,990	-	1,990
Fair value changes in available-for-sale investments	-	-	-	-	-	-	-	1,927	-	1,927	-	1,927
Gain on cash flow hedge	-	-	-	152	-	-	-	-	-	152	-	152
Net gain (loss) not recognised in the consolidated profit and loss statement	-	-	-	152	-	(5,336)	1,990	1,927	-	(1,267)	213	(1,054)
Transfer to profit and loss statement during the year	-	-	(3,606)	-	-	-	-	-	-	(3,606)	-	(3,606)
Share-based payments during the year	-	-	-	-	211	-	-	-	-	211	-	211
Net movement during the year	-	-	-	-	-	-	-	-	-	-	(176)	(176)
Net profit for the year	-	-	-	-	-	-	-	-	38,338	38,338	(1,926)	36,412
Final dividend for the previous year, paid (Note 34)	-	-	-	-	-	-	-	-	(18,121)	(18,121)	-	(18,121)
Issue of shares	1,015	-	-	-	-	-	-	-	-	1,015	-	1,015
Balance as at December 31, 2005	454,039	121,092	267,889	508	211	(51,006)	1,990	1,927	222,529	1,019,179	52,225	1,071,404

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended December 31, 2006

Group	Share capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Exchange fluctuation reserve $'000	Reserve on consolidation $'000	Other capital reserves $'000	Retained profits $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Effect of changes in accounting policies: - FRS 40 (Note 2)	-	-	(40,849)	-	-	-	-	-	27,273	(13,576)	-	(13,576)
Balance as restated	454,039	121,092	227,040	508	211	(51,006)	1,990	1,927	249,802	1,005,603	52,225	1,057,828
Exchange fluctuation differences	-	-	-	-	-	(7,132)	-	-	-	(7,132)	(1,547)	(8,679)
Fair value changes in available-for-sale investments	-	-	-	-	-	-	-	3,671	-	3,671	-	3,671
Loss on cash flow hedge	-	-	-	(432)	-	-	-	-	-	(432)	-	(432)
Net gain (loss) not recognised in the consolidated profit and loss statement	-	-	-	(432)	-	(7,132)	-	3,671	-	(3,893)	(1,547)	(5,440)
Transfer to profit and loss statement during the year	-	-	(4,027)	-	-	-	-	-	-	(4,027)	-	(4,027)
Share-based payments during the year	-	-	-	-	475	-	-	-	-	475	-	475
Net movement during the year	-	-	-	-	-	-	-	-	-	-	87,537	87,537
Net profit for the year	-	-	-	-	-	-	-	-	98,966	98,966	571	99,537
Share of reserves of associates arising during the year	-	-	-	1,956	-	-	-	106	-	2,062	-	2,062
Adjustment during the year	-	(207)	80	-	-	-	-	127	-	-	-	-
Final dividend for the previous year, paid (Note 34)	-	-	-	-	-	-	-	-	(18,165)	(18,165)	-	(18,165)
Issue of shares	1,562	-	-	-	-	-	-	-	-	1,562	-	1,562
Adjustment arising from abolition of par value of shares (Note A)	120,885	(120,885)	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2006	576,486	-	223,093	2,032	686	(58,138)	1,990	5,831	330,603	1,082,583	138,786	1,221,369

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended December 31, 2006

Company	Share capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Retained profits $'000	Total $'000
Balance as at January 1, 2005	453,024	120,885	110,785	-	-	18,812	703,506
Gain on cash flow hedge	-	-	-	138	-	-	138
Share-based payments during the year	-	-	-	-	211	-	211
Net profit for the year	-	-	-	-	-	19,489	19,489
Final dividend for the previous year, paid (Note 34)	-	-	-	-	-	(18,121)	(18,121)
Issue of shares	1,015	-	-	-	-	-	1,015
Balance as at December 31, 2005	454,039	120,885	110,785	138	211	20,180	706,238
Loss on cash flow hedge	-	-	-	(62)	-	-	(62)
Share-based payments during the year	-	-	-	-	475	-	475
Net profit for the year	-	-	-	-	-	19,712	19,712
Adjustment arising from abolition of par value of shares (Note A)	120,885	(120,885)	-	-	-	-	-
Final dividend for the previous year, paid (Note 34)	-	-	-	-	-	(18,165)	(18,165)
Issue of shares	1,562	-	-	-	-	-	1,562
Balance as at December 31, 2006	576,486	-	110,785	76	686	21,727	709,760

Note A
As a result of the Companies (Amendment) Act 2005, effective on January 30, 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the Company's share capital account in the current year.

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2006

	Group	
	2006	**2005**
	$'000	**$'000**
Operating activities		
Profit before income tax and share of results of associates	109,366	35,831
Adjustments for:		
Amortisation of intangible assets	330	371
Depreciation of property, plant and equipment	35,484	35,404
Plant and equipment written off	3,397	231
Negative goodwill on acquisition of a subsidiary	(655)	-
Interest expense	27,702	18,140
Interest income	(2,789)	(1,372)
Dividend income	(672)	(359)
(Gain) Loss on disposal of investment properties	(116)	68
Gain on disposal of property, plant and equipment	(790)	(14,108)
Gain on disposal of subsidiary	-	(2,105)
Gain on liquidation of associates	(5,981)	-
Gain on disposal of available-for-sale investments	-	(105)
Fair value changes in investment properties	(55,701)	-
Fair value changes in held-for-trading investments	(8,231)	-
Share option expense	475	211
Operating cash flows before movements in working capital	101,819	72,207
Held-for-trading investments	16,977	(23,985)
Receivables and prepayments	1,239	(3,601)
Inventories	(898)	(729)
Completed properties held for sale	12,233	1,710
Payables and accrued expenses	2,494	2,670
Cash generated from operations	133,864	48,272
Dividend paid	(18,165)	(18,121)
Dividend received	672	359
Interest paid	(27,702)	(18,140)
Interest received	2,789	1,372
Income tax paid	(7,902)	(6,694)
Net cash from operating activities	83,556	7,048

CONSOLIDATED CASH FLOW STATEMENT (cont'd)
Year ended December 31, 2006

	Group	
	2006	**2005**
	$'000	**$'000**
Investing activities		
Acquisition of a joint venture company and a subsidiary (Note A)	(47,487)	-
Disposal of subsidiary (Note B)	-	4,825
Acquisition of additional interest in subsidiary	-	(8,527)
Additional intangible assets	-	(66)
Additional investment properties	(188)	(189)
Additional property, plant and equipment	(136,004)	(65,209)
Additional available-for-sale investments	(2,900)	-
Development properties and expenditure	(230,559)	1,726
Net investment in associates	(13,170)	16,113
Proceeds from disposal of investment properties	2,076	944
Proceeds from disposal of available-for-sale investments	-	4,460
Proceeds from disposal of property, plant and equipment	1,826	34,093
Advances from minority shareholders	54,115	10,066
Net cash used in investing activities	(372,291)	(1,764)
Financing activities		
Additional bank loans	297,395	21,360
Additional other long-term liabilities	26,975	-
Proceeds from issue of shares	1,562	1,015
Net cash from financing activities	325,932	22,375
Net effect of exchange rate changes in consolidation	381	(306)
Net increase in cash and cash equivalents	37,578	27,353
Cash and cash equivalents at beginning of year	90,926	63,573
	128,504	90,926
Pledged deposits	(4,099)	-
Cash and cash equivalents at end of year	124,405	90,926

CONSOLIDATED CASH FLOW STATEMENT (cont'd)
Year ended December 31, 2006

Note A: Effects of Acquisitions

The cash outflow and the net assets in relation to the acquisition of a joint venture company and a subsidiary are provided below:

	Acquiree's carrying amount before combination $'000	Fair value adjustments $'000	Fair value $'000
Current assets	63,242	15,426	78,668
Current liabilities	(38,991)	-	(38,991)
Net current assets	24,251	15,426	39,677
Property, plant and equipment	31,001	17,800	48,801
Other non-current liabilities	(34,817)	(5,069)	(39,886)
Net assets acquired	20,435	28,157	48,592
Negative goodwill			(655)
Purchase consideration			47,937
Cash of a joint venture company and a subsidiary acquired			(450)
Cash outflow arising from acquisition of a joint venture company and a subsidiary			47,487

If the joint venture company and subsidiary had not been acquired, the Group's revenue and profit for the year would have been $355.1 million and $101.3 million respectively. If the acquisition had been completed on January 1, 2006, the Group's revenue and profit for the year would have been $357.2 million and $99.5 million respectively.

Note B : Summary of cash inflow arising from disposal of subsidiary

	Group	
	2006 $'000	2005 $'000
Current assets	-	6,083
Current liabilities	-	(3,131)
Net current assets	-	2,952
Property, plant and equipment	-	2,609
Other non-current assets	-	128
Other non-current liabilities	-	(160)
Net assets	-	5,529
Realisation of exchange fluctuation reserve	-	343
	-	5,872
Share of net assets disposed	-	2,995
Gain on disposal of subsidiary	-	2,105
Proceeds from disposal of subsidiary	-	5,100
Cash of subsidiary disposed	-	(275)
Cash inflow arising from disposal of subsidiary	-	4,825

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

1 GENERAL

The Company (Registration No. 198000348Z) is incorporated in the Republic of Singapore with its principal place of business and registered office at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724. The principal place of business for the hotel operations of Hilton Singapore is at 581 Orchard Road, Singapore 238883. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and joint venture companies are described in Notes 39, 40 and 18 respectively to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended December 31, 2006 were authorised for issue by the Board of Directors on March 8, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2006. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as follows:

FRS 21 – The Effects of Changes in Foreign Exchange Rates
Amendments Relating to Net Investment in a Foreign Operation

In the previous financial year, exchange differences arising from monetary items regarded as part of the Company’s net investment in a foreign operation but not denominated in the functional currency of the Company or the foreign operation was recognised in the consolidated profit and loss statement in accordance with FRS 21 (revised 2004). The changes introduced by the above amendments to FRS 21 for financial years beginning on or after January 1, 2006 requires the above exchange differences to be recognised in equity in the consolidated financial statements until disposal. As a result of the above, an amount of $39,817,000 was adjusted from retained profits to exchange fluctuation reserve for the Group at January 1, 2005.

The Group early adopted FRS 40 during the financial year. Following the adoption of this accounting standard, the revaluation reserves resulting from the revaluation of investment properties of $27.3 million as at January 1, 2006 were transferred to retained profits in accordance with the transitional provisions. The transitional provisions require the effect of adopting the standard to be adjusted to the opening balance of retained profits for the period in which the standard is first adopted. The effect on adoption of FRS 40 is further disclosed in Note 20.

The Group is currently evaluating the provisions of FRSs and INT FRSs that were issued as at the date of the authorisation of these financial statements but not yet effective until future periods. Preliminary assessment by the Group indicates that the initial adoption of these FRSs and INT FRSs will have no material financial impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by other members of the Group.

All significant intra-group transactions and balances are eliminated on consolidation.

Minority interests in the net assets of subsidiaries consolidated are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the equity are allocated against the interests of the minority only to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATION – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of additional interest from minority shareholders is accounted for as transactions with equity holders in their capacity as equity holders. Any difference between the fair value of the consideration paid in the transaction and the amount by which the minority shareholders' interest is reduced would be recognised directly in equity.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, and in the case of available-for-sale investments, directly attributable transaction costs are also included.

Investments are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the profit and loss statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit and loss statement for the period. Impairment losses recognised in the profit and loss statement for equity investments classified as available-for-sale are not subsequently reversed through the profit and loss statement.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

<u>Financial liabilities</u>

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contracted date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised directly in the profit and loss statement. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss statement as they arise.

Hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, the net cumulative gain or loss on the hedging instrument recognised in equity is transferred to the profit and loss statement for the period.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the moving average/first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

DEVELOPMENT PROPERTIES - Development properties for sale are stated at cost, which include cost of land and construction, related overhead expenditure and borrowing costs incurred during the period of construction. Profits are recognised based on the percentage of completion method. The amount brought into the financial statements is the direct proportion of total expected project profits attributable to the actual sales contracts signed, but only to the extent that it relates to the stage of physical completion determined based on the proportion of the construction cost incurred to date to the estimated total construction cost. When losses are expected, full provision is made in the financial statements after adequate consideration has been made for estimated costs to completion. Developments are considered complete upon the issue of temporary occupation permits.

COMPLETED PROPERTIES HELD FOR SALE - Completed properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

ASSOCIATES - An associate is an enterprise over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit or loss statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

JOINT VENTURE COMPANY - A joint venture is a contractual arrangement whereby a company and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest and are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost or valuation, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Any revaluation increase arising on the revaluation of freehold land and long-term leasehold land is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit and loss statement, in which case the increase is credited to the profit and loss statement to the extent of the decrease previously charged to the profit and loss statement. A decrease in carrying amount arising on the revaluation of freehold land and long-term leasehold land is charged to the profit and loss statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Operating equipment is written off based on periodic physical inventory. Depreciation is charged so as to write off the cost of assets, other than freehold and long-term leasehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and property	-	19 to 89 years
Buildings and improvements	-	2 to 50 years
Plant and equipment, furniture, fixtures and fittings	-	3 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is not provided on freehold and long-term leasehold land and construction-in-progress.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the profit and loss statement.

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for investment potential and income. Investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value for existing use basis. Following the Group's early adoption of FRS 40 during the current financial year, fair value changes on revaluation (net of deferred tax where applicable) is taken to the profit and loss statement.

INTANGIBLE ASSETS - These comprise goodwill and franchise rights. Franchise rights are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of franchise rights. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represent the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Associates" above.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental payable under operating leases are charged to the profit and loss statement on a straight-line basis over the term of the relevant lease. Benefits received or receivables as an incentive to enter into an operating lease are also spread over on a straight-line basis over the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, and is discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(a) Sales other than revenue from development properties are recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Hotel room revenue is recognised based on room occupancy while other hotel revenue are recognised when the goods are delivered or the services are rendered to the customers;

(c) Rental income is recognised on a straight-line basis over the term of the relevant lease;

(d) Management fee income is recognised when services are rendered;

(e) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and

(f) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and respective subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates (and tax laws) that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss statement, except where they arise from the initial accounting for a business combination, in which case the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange fluctuation reserve.

Such reserves are recognised in the profit and loss statement in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRSs requires the exercise of judgement, the use of estimates and assumptions concerning the future by management.

The Group on its own or in reliance on third party experts, applies estimates, judgements and assumptions in various areas including the following:

i) the level of impairment of tangible and intangible assets;
ii) the determination of fair value of unquoted available-for-sale investments; and
iii) the assessment of adequacy of provision for income taxes.

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 FINANCIAL RISK AND MANAGEMENT

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk, market risk and liquidity risk. The policies for managing each of these risks are summarised below:

Interest rate risk
The Group's exposure to the risk of changes in interest rates relates mainly to its bank borrowings. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. Hedging instruments such as interest rate swaps are used where appropriate to minimise its exposure to interest rate volatility.

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollars, Sterling pounds, Thai baht and Indonesian rupiah.

The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments.

Credit risk
The Group has a diversified portfolio of businesses and at balance sheet date, there were no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business.

Cash and cash equivalents are held with reputable financial institutions.

The carrying amount of trade and other receivables, cash and cash equivalents and advances to associates represent the maximum credit risk exposure at the balance sheet date.

4 FINANCIAL RISK AND MANAGEMENT (cont'd)

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent 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 of a reasonable level to its overall debt position.

Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities trade in the market.

The Group has invested in various securities, the majority of which are quoted in Singapore. The valuations and liquidity of those investments are subject to market risk.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of long-term financial liabilities comprising mainly long-term borrowings approximate their respective fair values as they are based on floating interest rates.

The fair values of other classes of financial assets and liabilities are determined as follows:

i) the fair value of financial assets and financial liabilities traded on active liquid markets are determined with reference to quoted market prices; and

ii) the fair value of derivative instruments are determined using marked-to-market valuations available from financial institutions.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

5 RELATED PARTY TRANSACTIONS (cont'd)

a) Significant transactions with such related parties during the year are as follows:

	Group 2006 $'000	Group 2005 $'000
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	689	643
Management fee income	-	(1,288)
Rental income	(9,242)	(8,641)
Transactions with associates:		
Management fee income	(1,839)	(1,399)
Rental income	(269)	-

b) The remuneration of directors and other members of key management during the year was as follows:

	Group 2006 $'000	Group 2005 $'000
Short-term benefits	5,527	5,208
Post-employment benefits	275	289
Share-based payments	218	98
	6,020	5,595

6 CASH AND BANK BALANCES

a) As at December 31, 2006, cash and bank balances of approximately $1,991,000 (2005: $2,408,000) were held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on projects to which they relate.

b) As at December 31, 2006, cash and bank balances of approximately $4,099,000 (2005: $137,000) were pledged to the banks to secure credit facilities for certain subsidiaries and joint venture company of the Group.

c) The bank deposits of the Group bear annual interest ranging from 0% to 6.1% (2005: 0% to 5.4%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

6 CASH AND BANK BALANCES (cont'd)

d) Significant cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	49,409	20,985	13	7
Sterling pounds	1,612	15,274	1,593	15,236
Indonesian rupiah	1,206	1,616	-	-
Australian dollars	1,016	550	10	11

7 HELD-FOR-TRADING INVESTMENTS

	Group	
	2006	**2005**
	$'000	**$'000**
Quoted equity shares, at fair value	19,133	27,879

The fair values of these quoted equity shares are based on closing quoted market prices on the last market day of the financial year.

Significant held-for-trading investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006	**2005**
	$'000	**$'000**
Malaysian ringgit	243	550

8 TRADE RECEIVABLES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	30,092	17,742	2,237	1,757
Less: Allowances for doubtful receivables	(164)	(298)	(26)	(79)
	29,928	17,444	2,211	1,678

8 TRADE RECEIVABLES (cont'd)

Significant trade receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 $'000	2005 $'000
Indonesian rupiah	1,147	831
Hong Kong dollars	601	-
Chinese renminbi	621	-

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Prepayments and deposits for acquisition of capital assets	2,484	11,876	-	-
Other deposits	2,726	659	-	-
Other receivables	1,449	1,965	749	562
Other prepayments	8,128	6,225	237	309
Rental deposits	24	30	-	-
Tax recoverable	126	336	-	-
Total	14,937	21,091	986	871

Significant other receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 $'000	2005 $'000
Indonesian rupiah	180	383
Chinese renminbi	-	325

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Interest rate swaps				
Current	-	370	-	-
Non-current	76	138	76	138

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contract with nominal value of $75 million (2005: $134 million) has interest payments at an average rate of 3.4% (2005: 2%) per annum as at December 31, 2006, and have floating interest receipts at Swap Offer Rate. Contract with nominal value of $30 million (2005: Nil) has floating interest payments at Swap Offer Rate and interest receipts at 3.96% per annum as at December 31, 2006. The interest rate swaps mature in 2008.

The fair values of swaps entered into at December 31, 2006 are estimated at $76,000 (2005: $508,000). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair values thereof have been deferred in equity.

11 INVENTORIES

	Group		Company	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
At cost:				
Saleable merchandise	3,487	3,084	200	142
Operating supplies	2,776	2,202	12	27
	6,263	5,286	212	169
Saleable merchandise carried at net realisable value	600	651	-	-
Total	6,863	5,937	212	169

12 DEVELOPMENT PROPERTIES

	Group	
	2006 $'000	**2005 $'000**
Cost incurred and attributable profits	394,332	88,838
Less: Progress payments received and receivable	(40,481)	(24,674)
Less: Impairment loss	(1,318)	(3,023)
Net	352,533	61,141

Finance costs of $1,345,000 (2005: $350,000) arising from financing specifically entered into for the development properties were capitalised during the year. The rates of interest relating to finance costs capitalised ranged from 4.3% to 6.5% (2005: 2.52% to 4.27%) per annum.

During the year, development properties amounting to $13,425,000 were completed and reclassified as completed properties held for sale (Note 13).

Included in cost incurred is an amount of $319 million (2005: $3 million) relating to development properties of which no progress payments were received.

Had the Group adopted the completion of construction method in the current financial year, the following would have been reported in the financial statements for the year ended December 31, 2006.

	Before adoption $'000	**After adoption $'000**
Retained profits as at January 1, 2006	222,529	218,383
Revenue	355,397	358,835
Profit for the year	99,537	98,588
Development properties as at January 1, 2006	61,141	57,376
Development properties as at December 31, 2006	352,533	346,269
Asset revaluation reserve	223,093	223,093

13 COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
Four Seasons Park 12 Cuscaden Walk, Singapore 249692	Freehold	1 (2005: 5) condominium units with an aggregate floor area of approximately 2,260 (2005: 15,197) square feet
Robertson Blue 86/88 Robertson Quay Singapore 238247	Freehold	2 (2005: Nil) condominium units and 4 (2005: Nil) commercial units with an aggregate floor area of approximately 9,871 (2005: Nil) square feet
Sailmakers Court Townmead Road, London, United Kingdom	Leasehold (999 years from December 25, 1989)	1 (2005: 1) apartment unit with an aggregate floor area of approximately 1,373 (2005: 1,373) square feet
Eaton House 38 Westferry Circus, London, United Kingdom	Leasehold (999 years from February 5, 1997)	1* apartment unit with an aggregate floor area of approximately 798 square feet
Orchard Plaza 150 Orchard Road Singapore 238841	Leasehold (99 years from June 2, 1977)	2* commercial units with an aggregate floor area of approximately 12,723 square feet

* As at December 31, 2006, these had been reclassified from property, plant and equipment (Note 19) and investment properties (Note 20) as the Group had entered into agreements to dispose of these assets subsequent to the balance sheet date.

14 ASSOCIATES

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cost of investments in associates	127,059	168,741	245	245
Share of post-acquisition results and reserves net of dividend received	(114,925)	(140,602)	-	-
Due from associates	51,344	13,082	2,978	2,978
Net	63,478	41,221	3,223	3,223

14 ASSOCIATES (cont'd)

As at December 31, 2006, the amounts due from associates of $51,344,000 (2005: $13,082,000) are in substance net investment in the associates. The amounts due from associates to the Group and Company of $26,207,000 (2005: $39,057,000) and $10,911,000 (2005: $11,557,000) respectively are unsecured, interest-free and repayable on demand.

Significant amount due from associates that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006	**2005**
	$'000	**$'000**
Non-current:		
Malaysian ringgit	10,613	10,613
Sterling pounds	38,360	-
Current:		
Malaysian ringgit	1,087	1,380
United States dollars	13,476	12,491
Sterling pounds	497	10,958

As at December 31, 2006, the amount due to associate of $457,000 (2005: $19,244,000) are unsecured, interest-free and repayable on demand. As at December 31, 2005, the amount of $18,787,000 was denominated in Sterling pounds.

Information relating to significant associates is shown in Note 40 to the financial statements.

Summarised financial information in respect of the Group's associates is set out below:

	Group	
	2006	**2005**
	$'000	**$'000**
Balance sheet		
Total assets	789,759	439,821
Total liabilities	(711,784)	(320,004)
Net assets	77,975	119,817
Group's share of associates' net assets	12,134	28,139
Profit and loss statement		
Revenue	237,494	276,488
Profit for the year	39,505	43,689
Group's share of results of associates	10,827	10,966

The Group had not recognised losses arising in the current financial year amounting to $266,000 (2005: $199,000) in an associate. The accumulated losses not recognised were $677,000 (2005: $411,000).

15 SUBSIDIARIES

	Company	
	2006 $'000	2005 $'000
Total advances to subsidiaries	619,755	524,251
Less: Impairment loss	(11,787)	(11,787)
	607,968	512,464
Less: Amount classified as current asset	(556,159)	(436,610)
Non-current advances to subsidiaries	51,809	75,854
Unquoted equity shares, at cost	174,278	174,278
Total	226,087	250,132

As at December 31, 2006, the advances to subsidiaries of $58,661,000 (2005: $75,854,000) bear interest at rates ranging from 1.9% to 4.5% (2005: 2.1% to 3.3%) per annum, are unsecured and substantially non-trade in nature. The amounts due from subsidiaries of $549,307,000 (2005: $436,610,000) are unsecured, interest-free and repayable on demand.

As at December 31, 2006, the amounts due to subsidiaries of $44,467,000 (2005: $44,465,000) are unsecured, interest-free and repayable on demand.

During the financial year, interest income from subsidiaries amounted to $1,980,000 (2005: $2,602,000).

Significant advances to subsidiaries and amount due from subsidiaries that are not denominated in the functional currency of the Company are as follows:

	Company	
	2006 $'000	2005 $'000
Current:		
United States dollars	113,926	63,933
Sterling pound	5,731	-

Information relating to subsidiaries is shown in Note 39 to the financial statements.

16 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2006 $'000	2005 $'000
Other unquoted investments, at fair value	2,069	-
Unquoted equity shares, at fair value	11,913	7,411
Net	13,982	7,411

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values.

16 AVAILABLE-FOR-SALE INVESTMENTS (cont'd)

Significant available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 $'000	2005 $'000
United States dollars	11,913	7,411

17 PREPAYMENTS

	Group	
	2006 $'000	2005 $'000
Prepaid rent	1,249	1,462
Less: Current portion included in prepayments (Note 9)	(100)	(108)
	1,149	1,354

18 JOINT VENTURE COMPANIES

Information relating to the joint venture companies are as follows:

Name of Joint Venture Company	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006	2005
Hermill Investments Pte Ltd	Investment holding and letting out of properties	Singapore	59%	59%
HPL-Hines Development Pte Ltd	Investment holding	Singapore	85%	-
Shanghai 21st Century Real Estate (subsidiary of HPL-Hines Development Pte Ltd)	Property developer	People's Republic of China	46.75%	-

The above joint venture companies are audited by Deloitte & Touche, Singapore or its overseas practices for consolidation purposes.

The following amounts are included in the Group's consolidated financial statements as a result of proportionate consolidation of the joint venture companies:

	2006 $'000	2005 $'000
<u>Balance sheet</u>		
Current assets	104,575	656
Non-current assets	258,455	198,018
Less: Current liabilities	(54,332)	(3,552)
Non-current liabilities	(141,078)	(102,967)
Net assets	167,620	92,155

18 JOINT VENTURE COMPANIES (cont'd)

	2006 $'000	2005 $'000
Profit and loss statement		
Revenue	9,653	9,472
Income (Expenses)	16,887	(6,601)

The above profit includes the following (charges) credits:

Fair value changes in investment property	24,993	-
Interest expense to non-related companies	(4,341)	(3,034)
Interest income from non-related companies	167	58
Rental income from enterprises in which certain directors are deemed to have interests	2,504	2,315
Rental income from investment property	9,012	8,809

19 PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land $'000	Leasehold property $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Group						
Cost or valuation:						
At January 1, 2005	535,125	116,872	527,826	246,968	27,849	1,454,640
Additions	677	-	4,325	13,787	47,135	65,924
Arising from disposal of subsidiary	-	-	-	(9,094)	-	(9,094)
Transfer to development properties during the year	(31,120)	-	-	-	(4,626)	(35,746)
Disposals	(4,185)	-	(21,255)	(24,298)	-	(49,738)
Exchange realignment	(1,509)	-	389	(249)	289	(1,080)
At December 31, 2005	498,988	116,872	511,285	227,114	70,647	1,424,906
Additions	-	-	4,326	13,623	119,974	137,923
Arising from acquisition of a joint venture company and a subsidiary	14,703	-	5,472	481	21,994	42,650
Reclassification	10,187	-	105,810	45,154	(161,151)	-
Transfer to development properties during the year	-	-	-	-	(1,943)	(1,943)
Transfer to investment properties during the year	(56,304)	-	(15,480)	-	-	(71,784)
Transfer to completed properties held for sale during the year	-	-	(741)	(94)	-	(835)
Disposals	-	-	(1,203)	(6,906)	(2,963)	(11,072)
Exchange realignment	(1,151)	-	(18,435)	(4,624)	(4,214)	(28,424)
At December 31, 2006	466,423	116,872	591,034	274,748	42,344	1,491,421

19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold and leasehold land $'000	Leasehold property $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Comprising:						
December 31, 2005						
At cost	86,648	116,872	511,285	227,114	70,647	1,012,566
At valuation	412,340	-	-	-	-	412,340
	498,988	116,872	511,285	227,114	70,647	1,424,906
December 31, 2006						
At cost	95,541	116,872	591,034	274,748	42,344	1,120,539
At valuation	370,882	-	-	-	-	370,882
	466,423	116,872	591,034	274,748	42,344	1,491,421
Accumulated depreciation:						
At January 1, 2005	8,314	21,020	128,854	189,746	-	347,934
Depreciation for the year	1,080	1,313	16,642	16,369	-	35,404
Arising from disposal of subsidiary	-	-	-	(6,485)	-	(6,485)
Disposals	-	-	(7,477)	(21,389)	-	(28,866)
Exchange realignment	131	-	58	(139)	-	50
At December 31, 2005	9,525	22,333	138,077	178,102	-	348,037
Depreciation for the year	1,121	1,313	17,661	15,389	-	35,484
Transfer to investment properties during the year	-	-	(5,238)	-	-	(5,238)
Transfer to completed properties held for sale during the year	-	-	(144)	-	-	(144)
Disposals	-	-	(245)	(5,674)	-	(5,919)
Exchange realignment	(761)	-	(4,587)	(987)	-	(6,335)
At December 31, 2006	9,885	23,646	145,524	186,830	-	365,885
Impairment loss:						
At January 1, 2005	687	-	2	-	-	689
Exchange realignment	12	-	-	-	-	12
At December 31, 2005	699	-	2	-	-	701
Exchange realignment	(54)	-	(1)	-	-	(55)
At December 31, 2006	645	-	1	-	-	646
Carrying amount:						
At December 31, 2006	455,893	93,226	445,509	87,918	42,344	1,124,890
At December 31, 2005	488,764	94,539	373,206	49,012	70,647	1,076,168

19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold and leasehold land $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Total $'000
Company				
Cost or valuation:				
At January 1, 2005	208,800	24,932	73,847	307,579
Additions	-	13	3,799	3,812
Disposals	-	-	(1,890)	(1,890)
At December 31, 2005	208,800	24,945	75,756	309,501
Additions	-	10	3,801	3,811
Disposals	-	-	(1,769)	(1,769)
At December 31, 2006	208,800	24,955	77,788	311,543
Comprising:				
December 31, 2005				
At valuation	208,800	-	-	208,800
At cost	-	24,945	75,756	100,701
	208,800	24,945	75,756	309,501
December 31, 2006				
At valuation	208,800	-	-	208,800
At cost	-	24,955	77,788	102,743
	208,800	24,955	77,788	311,543
Accumulated depreciation:				
At January 1, 2005	-	14,161	64,505	78,666
Depreciation for the year	-	422	3,485	3,907
Disposals	-	-	(1,541)	(1,541)
At December 31, 2005	-	14,583	66,449	81,032
Depreciation for the year	-	421	3,021	3,442
Disposals	-	-	(1,412)	(1,412)
At December 31, 2006	-	15,004	68,058	83,062
Carrying amount:				
At December 31, 2006	208,800	9,951	9,730	228,481
At December 31, 2005	208,800	10,362	9,307	228,469

19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The freehold and long-term leasehold land are stated at valuation based on the open market value for existing use as at December 31, 1996 by DTZ Debenham Tie Leung (SEA) Pte Ltd and its associates. The valuation is carried out as and when the directors consider it necessary and appropriate. The revaluation surplus of the Company and of the Group has been recorded in the asset revaluation reserve in the respective financial statements. During the financial year ended December 31, 2004, the Group revalued a long-term leasehold land of a subsidiary following the acquisition of additional equity interest in that subsidiary. The long-term leasehold land is stated at valuation based on projected future cash flow of the leasehold land.

Had the freehold and long-term leasehold land been carried at historical cost, their carrying amounts for the Group and Company would have been approximately $120 million (2005: $136 million) and $98 million (2005: $98 million) respectively.

Finance costs of $2,663,000 (2005: $723,000) arising from financing specifically entered into for the development of property are capitalised during the financial year. The rates of interest relating to finance costs range from 5.5% to 7.0% (2005: 3.6% to 6.0%) per annum.

As at December 31, 2006, certain property, plant and equipment with total carrying amount of $803 million (2005: $891 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

20 INVESTMENT PROPERTIES

The Group early adopted FRS 40 during the financial year. Following the adoption of this accounting standard, the revaluation reserves resulting from the revaluation of investment properties of $27.3 million as at January 1, 2006 were transferred to retained profits and an amount of $55.7 million for fair value changes to the investment properties during the year has been reflected in the Group's consolidated profit and loss statement. The adjustment increased basic and diluted earnings per share for the current year by 12.26 cents and 12.20 cents respectively.

In accordance with FRS 40, an amount of $66.5 million was reclassified from property, plant and equipment (Note 19) to investment properties. An amount of $13.5 million relating to fair value changes on adoption was transferred to retained profits. As at December 31, 2006, an amount of $6.5 million was reclassified from investment properties to completed properties held for sale as the Group has entered into agreements for the sale of these properties subsequent to the balance sheet date.

Additions during the year representing subsequent improvement were $188,000. Sale of properties during the year amounted to $2.6 million.

Gross rental income and direct operating expenses arising from investment properties amounted to $15.5 million and $4.8 million respectively for the year ended December 31, 2006.

Certain investment properties amounting to approximately $363 million as at December 31, 2006 (2005: $264 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

21 INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2005	13,811	6,828	20,639
Additions	-	67	67
Arising from disposal of subsidiary	-	(652)	(652)
Elimination of amortisation accumulated prior to the adoption of FRS 103	(1,742)	-	(1,742)
Exchange realignment	129	(119)	10
At December 31, 2005	12,198	6,124	18,322
Exchange realignment	(583)	188	(395)
At December 31, 2006	11,615	6,312	17,927
Accumulated amortisation:			
At January 1, 2005	1,742	1,781	3,523
Amortisation charged against other non-operating income	-	371	371
Arising from disposal of subsidiary	-	(524)	(524)
Elimination of amortisation accumulated prior to the adoption of FRS 103	(1,742)	-	(1,742)
Exchange realignment	-	(4)	(4)
At December 31, 2005	-	1,624	1,624
Amortisation charged against other non-operating income	-	330	330
Exchange realignment	-	42	42
At December 31, 2006	-	1,996	1,996
Carrying amount:			
At December 31, 2006	11,615	4,316	15,931
At December 31, 2005	12,198	4,500	16,698

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGU") that are expected to benefit from that business combination.

The recoverable amounts of the CGU are determined either from value-in-use calculations or professional valuations on properties held by the CGUs. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rate and changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The value-in-use calculations use cash flow projections based on financial budgets. Cash flow projections are prepared for the next five years or longer based on estimated growth rates ranging from 6% to 9% (2005: 4% to 10%). The rates used to discount the forecasted cash flow range from 3% to 5% (2005: 5% to 6%).

22 BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Due after twelve months				
Long-term bank loans (a)	534,343	280,427	36,502	40,285
Notes payable (a)	153,380	74,812	153,380	74,813
	687,723	355,239	189,882	115,098
Other long-term liabilities (c)	20,015	-	-	-
Advance receipts	4,402	-	-	-
	712,140	355,239	189,882	115,098
Due within twelve months				
Current portion of long term bank loans (a)	35,054	77,490	-	-
Notes payable (a)	74,963	74,944	74,963	74,944
Short-term bank loans (b)	19,763	26,879	-	-
	129,780	179,313	74,963	74,944
Current portion of other long-term liabilities (c)	1,265	-	-	-
Current portion of advance receipts	1,354	-	-	-
	132,399	179,313	74,963	74,944
Bankers' guarantees and letters of credit (d)	5,330	5,626	393	349

(a) Long-term bank loans (secured) and notes payable (unsecured) bear annual interest rates ranging from 0.5% to 1.7% (2005: 0.875% to 1.7%) above cost of funds of the lender banks. The facilities are repayable from 2007 to 2012 (2005: 2006 to 2012). Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 19 and 20); fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantees from the Company, a subsidiary and certain minority shareholders.

(b) Short-term bank loan bears annual interest rates ranging from 0.6% to 1.5% (2005: 0.875% to 1.1%) above cost of funds of the lender banks. Securities include legal mortgages on properties of certain subsidiaries (Notes 19 and 20); fixed and floating charges on the assets of certain subsidiaries and corporate guarantee from the Company and certain minority shareholders.

(c) Other long-term liabilities bear annual interest rate at 1.5% above SIBOR (2005: Nil). The facilities are repayable from 2007 to 2026 (2005: Nil). Securities include subordinated mortgages over certain subsidiaries' lease rights.

(d) The Group has obtained bankers' guarantees in favour of various statutory boards and government regulatory authorities and letters of credit in favour of various suppliers. These guarantees and letters of credit are secured by the assets and undertakings as in (a) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries and joint venture companies.

(e) Interest rates are re-fixed on a short-term basis typically one year or less.

Significant bank loans that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
United States dollars	159,664	116,398	48,592	31,485
Sterling pound	5,903	-	5,903	-

23 TRADE PAYABLES

Significant trade payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006	**2005**
	$'000	**$'000**
United States dollars	635	549
Indonesian rupiah	661	518

24 OTHER PAYABLES

	Group	
	2006	**2005**
	$'000	**$'000**
Accrued employee-related expenses	8,146	6,414
Accrued operating expenses	10,450	5,983
Accrued renovation/construction cost	1,437	1,406
Current portion of other long-term liabilities	1,265	-
Current portion of advance receipt	1,354	-
Deposit received	5,237	1,900
Due to companies in which certain directors have interests*	153	251
Interest payable to non-related companies	2,271	1,293
Others	1,512	1,522
Total	31,825	18,769

* Amounts due to companies in which certain directors have interests are unsecured, interest-free and repayable on demand.

Significant other payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006	**2005**
	$'000	**$'000**
United States dollars	484	1,379
Indonesian rupiah	3,022	2,217

25 DEFERRED TAX ASSETS/LIABILITIES

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred tax assets	(1,714)	(154)	-	-
Deferred tax liabilities	14,760	5,289	570	529
Net	13,046	5,135	570	529

The following are the major deferred tax assets and liabilities recognised by the Company and the Group and movements thereon during the year:

	Tax losses $'000	Accelerated tax depreciation $'000	Recognition of profits on uncompleted projects $'000	Other temporary differences $'000	Total $'000
Group					
At January 1, 2005	-	3,337	37	237	3,611
Charge to (Reversal from) profit and loss statement	(154)	1,073	843	(224)	1,538
Exchange realignment	-	(14)	-	-	(14)
At December 31, 2005	(154)	4,396	880	13	5,135
Charge to (Reversal from) profit and loss statement	19	214	(880)	3,997	3,350
Arising from acquisition of a joint venture company and a subsidiary	-	-	-	4,801	4,801
Exchange realignment	-	(226)	-	(14)	(240)
At December 31, 2006	(135)	4,384	-	8,797	13,046
Company					
At January 1, 2005	-	651	-	-	651
Reversal from profit and loss statement	-	(122)	-	-	(122)
At December 31, 2005	-	529	-	-	529
Charge to profit and loss statement	-	41	-	-	41
At December 31, 2006	-	570	-	-	570

26 SHARE CAPITAL AND OPTIONS

	Group and Company			
	2006	2005	2006	2005
	Number of ordinary share		$'000	$'000
Issued and fully paid:				
At beginning of year	454,039,410	453,024,410	454,039	453,024
Issue of shares	1,335,000	1,015,000	1,562	1,015
Transfer from share premium account	-	-	120,885	-
At end of year	455,374,410	454,039,410	576,486	454,039

The company has one class of ordinary shares which carry no right to fixed income.

As a result of the Companies (Amendment) Act 2005 which came into effect on January 30, 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the company's share capital account on the effective date.

Under the Hotel Properties Limited Share Option Scheme, options to subscribe for the Company's ordinary shares may be granted to executives of the Company. The scheme is administered by the Remuneration Committee. The exercise price of the granted options was determined based on the average last business done price for the shares of the Company as shown in the Financial News issued by the Singapore Exchange Securities Trading Limited for the three market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options have a validity period of 10 years from the date of grant, unless they have been forfeited prior to that date.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2006		2005	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	4,420,000	1.15	3,560,000	1.14
Granted during the year	1,750,000	1.26	2,050,000	1.10
Exercised during the year	(1,335,000)	1.17	(1,015,000)	1.00
Forfeited during the year	-	-	(175,000)	1.19
Outstanding at the end of the year	4,835,000	1.19	4,420,000	1.15
Exercisable at the end of the year	1,135,000		2,470,000	

26 SHARE CAPITAL AND OPTIONS (cont'd)

The weighted average market price at the date of exercise for share options exercised during the year was $2.53 (2005: $1.46). The options outstanding at the end of the year have a weighted average remaining contractual life of 7.07 (2005: 6.42) years.

The estimated fair value of the options granted during the year is $0.32. The fair value determined using The Black-Scholes pricing model was based on a share price of $1.58 at the date of grant, and an expected life of 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations. The risk-free interest rate is based on the yield curve of Singapore Government securities as at grant date. The expected volatility is 23% based on historical volatility of the Company's share prices over the previous 2.5 years.

The Group recognised total expenses of $475,000 (2005: $211,000) related to equity-settled share-based payment transactions during the year.

27 RESERVES

Asset revaluation reserve
Asset revaluation reserve records the revaluation surplus arising from valuation of properties.

Hedge reserve
Hedge reserve records the fair value changes on the derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Option reserve
Option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share option. The expense for services received will be recognised over the vesting period.

Exchange fluctuation reserve
The exchange fluctuation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency and exchange differences arising from translation of monetary items that form part of a net investment in a foreign entity.

Reserve on consolidation
Reserve on consolidation represents the difference between the fair value of the consideration paid and the amount by which the non-controlling interest are reduced during the acquisition of additional interests in common controlled entities.

Other capital reserve
Other capital reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised.

28 REVENUE AND OTHER OPERATING INCOME

An analysis of the Group's revenue for the year is as follows:

	Group	
	2006	**2005**
	$'000	**$'000**
Revenue		
Sales	67,316	44,814
Hotel revenue	268,480	239,862
Rental income	16,842	16,565
Management fee	2,759	2,944
Total	355,397	304,185
Other operating income		
Interest income	2,789	1,372
Dividend income (gross)	672	359
Gain on disposal of held-for-trading investments	1,432	71
Fair value changes in held-for-trading investments	8,231	-
Others	421	539
Total	13,545	2,341

Included in sales is an amount of $32,386,000 (2005: $20,598,000) being revenue recognised based on percentage of completion method on development properties.

29 FINANCE COSTS

	Group	
	2006	**2005**
	$'000	**$'000**
Interest expense to non-related companies	27,702	18,140
Others	535	613
	28,237	18,753

30 PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2006	**2005**
	$'000	**$'000**
Staff costs (including share-based payment)	80,884	83,919
Cost of defined contribution plans included in staff costs	6,378	6,926
Cost of inventories recognised as expense	25,365	32,787
Directors' fees and remuneration:		
Company's directors	1,723	1,697
Subsidiaries' directors	1,045	787
Depreciation and amortisation	35,814	35,775
Non-audit fees paid to auditors:		
Auditors of the Company	54	49
Other auditors	61	107
Impairment loss on development properties	59	78
Gain on disposal of:		
Property, plant and equipment*	(790)	(14,108)
Subsidiary*	-	(2,105)
Foreign exchange adjustment loss (net)	381	303

* These are included in Other non-operating income.

31 DIRECTORS' REMUNERATION

The number of directors of the Company in remuneration bands is as follows:

	2006	**2005**
$500,000 and above	1	1
$250,000 to below $500,000	-	-
Below $250,000	7	7
Total	8	8

32 INCOME TAX EXPENSE

	Group 2006 $'000	Group 2005 $'000
Current tax	18,178	8,646
Deferred tax	3,350	1,538
	21,528	10,184
(Over) Under provision in prior years	(872)	201
	20,656	10,385

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2005: 20%) to profit before income tax and share of results of associates as a result of the following differences:

	Group 2006 $'000	Group 2005 $'000
Profit before income tax and share of results of associates	109,366	35,831
Tax calculated at a tax rate of 20% (2005: 20%)	21,873	7,166
Non-(taxable) deductible items	(730)	502
Tax exemption	(141)	(127)
Utilisation of unabsorbed tax losses brought forward	(955)	(197)
Utilisation of unabsorbed capital allowances brought forward	-	(96)
Deferred tax asset on tax losses arising during the year not recorded	1,585	2,097
Effect of change in tax rate	-	16
Effect of different tax rate of overseas operations	152	857
Others	(256)	(34)
	21,528	10,184
Effective tax rate	19.7%	28.4%

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unabsorbed tax losses and capital allowances totaling approximately $80,541,000 and $107,000 (2005: $83,622,000 and $100,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax assets has been recognised in respect of such unabsorbed tax losses and capital allowances amounting to approximately $22,964,000 (2005: $24,915,000) due to unpredictability of future profit stream.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $85,000 (2005: $1,460,000) and capital allowances of $2,000 (2005: $28,000) arising in the current year are transferred to the Company under the group relief system. These tax losses and capital allowances are transferred from certain subsidiaries of the Group at no consideration.

33 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to shareholders of the Company of $98,966,000 (2005: $38,338,000) divided by the weighted average number of ordinary shares of 454,337,122 (2005: 453,585,807) in issue during the year.

Fully diluted earnings per share is based on 456,505,732 (2005: 454,551,668) ordinary shares assuming the full exercise of outstanding share options (Paragraph 5 of Directors' report) during the year and adjusted Group earnings of $98,966,000 (2005: $38,338,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2006	**2005**
	$'000	**$'000**
Profit attributable to shareholders used to compute basic and fully diluted earnings per share	98,966	38,338
	No. of shares ('000)	**No. of shares ('000)**
Weighted average number of ordinary shares used to compute basic earnings per share	454,337	453,586
Adjustment for potential dilutive ordinary shares	2,169	966
Weighted average number of ordinary shares used to compute fully diluted earnings per share	456,506	454,552
Basic earnings per share	21.78 cents	8.45 cents
Fully diluted earnings per share	21.68 cents	8.43 cents

34 DIVIDENDS

In 2005, the Company declared and paid final dividend of 2.5 cents per ordinary share less tax of 20%, and a special dividend of 2.5 cents per ordinary share less tax of 20%, on the ordinary shares of the Company totaling $18,121,000 in respect of the financial year ended December 31, 2004.

In 2006, the Company declared and paid final dividend of 2.5 cents per ordinary share less tax of 20%, and a special dividend of 2.5 cents per ordinary share less tax of 20%, on the ordinary shares of the Company totaling $18,165,000 in respect of the financial year ended December 31, 2005.

Subsequent to December 31, 2006, the directors of the Company recommended that a first and final dividend be paid at 2.5 cents per ordinary share less tax of 18% totaling $9,335,000, and a special dividend be paid at 2.5 cents per ordinary share less tax of 18% totaling $9,335,000 for the financial year ended December 31, 2006 on the ordinary shares of the Company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 - *Events After The Balance Sheet Date*.

35 CAPITAL COMMITMENTS

	Group 2006 $'000	Group 2005 $'000
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	163,619	124,789
Approved but not contracted for	145,849	13,247

36 OPERATING LEASE COMMITMENTS

	Group 2006 $'000	Group 2005 $'000
The Group as lessee		
Minimum lease payments under operating lease included in the profit and loss statement	4,710	3,574

As at the balance sheet date, commitments in respect of operating leases for islands, shop and office premises are as follows:

	Group 2006 $'000	Group 2005 $'000
Future minimum lease payable:		
Within 1 year	6,789	5,029
Within 2 to 5 years	31,528	25,189
After 5 years	79,773	56,349
Total	118,090	86,567

The Group as lessor

At the balance sheet date, the Group has contracted with tenants for the following minimum lease receivable:

	Group 2006 $'000	Group 2005 $'000
Future minimum lease receivable:		
Within 1 year	16,354	14,636
Within 2 to 5 years	13,241	13,504
Total	29,595	28,140

The tenancy arrangements range from one to five years.

37 CONTINGENT LIABILITY

The Company has provided corporate guarantees of $9,374,000 (being its proportionate share) to financial institutions to secure credit facilities granted to an associate.

38 BUSINESS SEGMENT INFORMATION

a) Description of the Group's diversified business segments:

Hotels

These refer mainly to the operations of the hotels and the shopping galleries of the Group as well as the provision of hotel management services. Income is derived mainly from the rental of rooms and shop units, sale of food and beverage and management fee.

Properties

These refer to the rental and sale operations on completed residential properties and commercial units. Sales and profit from the condominium development projects are recognised based on percentage of completion method.

Others

These refer to distribution and retail operations, activities on quoted and unquoted investments and others.

b) Segment information:

i) Segment revenue and expenses are revenue and expenses reported in the Group's profit and loss statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

ii) Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation. Share of results of associates are allocated as they are specifically attributable to a segment.

iii) Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets. Investments in associates are included as segment assets of the Group.

iv) Segment liabilities are all operating liabilities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

v) Segment identifiable assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment and intangible assets.

38 BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
REVENUE										
External sales	273,116	245,195	82,166	41,841	115	17,149			355,397	304,185
Inter-segment sales	-	-	205	327	-	-	(205)	(327)	-	-
Total revenue	273,116	245,195	82,371	42,168	115	17,149	(205)	(327)	355,397	304,185
RESULTS										
Segment results	27,563	36,854	90,364	15,266	16,352	479			134,279	52,599
Interest expense									(27,702)	(18,140)
Interest income									2,789	1,372
Share of results of associates	(91)	6,335	9,877	4,113	1,041	518			10,827	10,966
Income tax expense									(20,656)	(10,385)
Minority interests									(571)	1,926
Net profit									98,966	38,338
OTHER INFORMATION										
Segment assets	1,238,654	1,039,844	741,349	455,548	34,461	40,106			2,014,464	1,535,498
Investment in equity method associates	21,228	56,362	57,609	13,068	10,848	10,848			89,685	80,278
Unallocated corporate assets									86,825	74,681
Consolidated total assets									2,190,974	1,690,457
Segment liabilities	89,139	61,001	11,218	10,884	1,386	951			101,743	72,836
Unallocated corporate liabilities									867,862	546,217
Consolidated total liabilities									969,605	619,053
Capital expenditure	137,698	63,785	223	1,233	2	955			137,923	65,973
Depreciation and amortisation	34,986	33,943	819	844	9	988			35,814	35,775
Non-cash (income) expenses other than depreciation and amortisation	458	(26)	(196)	22	53	1,154			315	1,150
Impairment losses	-	-	59	78	-	-			59	78

d) Information by geographic regions:

	Revenue		Identifiable assets		Total capital expenditure	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Singapore	206,623	177,616	1,252,178	982,017	7,575	7,938
The rest of Asia	123,692	96,679	752,950	539,896	129,373	57,409
Australasia	12,973	17,947	6,152	6,666	807	313
U.S.A.	11,461	11,664	45,327	51,110	162	311
United Kingdom	648	279	47,542	36,087	6	2
	355,397	304,185	2,104,149	1,615,776	137,923	65,973

39 SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
Held by the Company				
Cleaton Investments Pte Ltd	Investment holding company	Singapore	93.3	93.3
HPL Hotels & Resorts Pte Ltd	Hotel management and investment holding company	Singapore	100	100
HPL Investment & Development Pte Ltd	Investment holding company and letting out of properties	Singapore	100	100
HPL Leisure Holdings Pte Ltd	Investment holding company	Singapore	100	100
HPL Orchard Place Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties Pte Ltd	Property development, hotelier and investment holding company	Singapore	100	100
HPL Properties (Australasia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100

39 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
Luxury Holdings Pte Ltd	Investment holding company	Singapore	85	85
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd[1]	Hotelier	Malaysia	100	100
Held by subsidiaries of the Company				
21st Century Holdings Pte Ltd	Investment holding company	Singapore	100	100
Admor Investments Pte Ltd	Dormant	Singapore	100	100
Allegro Investments Pte Ltd	Investment holding company	Singapore	100	100
Amberwood Investments Pte Ltd	Investment holding company	Singapore	100	100
Apsara Holdings Cambodia Company Limited[6]	Investment holding company	Cambodia	80	80
Apsara Holdings Private Limited	Investment holding company	Singapore	80	80
Asia Hotel Growth Fund[1]	Hotelier	Thailand	100	100
Astrid Holdings Co., Ltd[1]	Investment holding company	Thailand	49**	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	100	100

39 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
Baywood Investments Pte Ltd	Investment holding company	Singapore	100	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd[1]	Hotel management	Malaysia	100	100
Coralbell Pty Ltd[7]	Investment holding company	Australia	100	100
Eastpoint Investments Limited[1]	Investment holding company	United Kingdom	100	100
Hard Rock Hotels & Resorts Management Pte Ltd#	Hotel management	Singapore	-	100
Hotel Holdings USA Inc[5]	Investment holding company	U.S.A.	100	100
HPL (Brash) Holdings Pte Ltd	Dormant	Singapore	100	100
HPL (Eaton) Ltd[1]	Operation of serviced apartments	United Kingdom	100	100
HPL Hotels Pty Ltd[4]	Provision of administrative services	Australia	100	100
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100

39 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
HPL Investments (1990) Pte Ltd	Property development and investment holding company	Singapore	100	100
HPL Property Management Pte Ltd (previously known as Alkaff Mansion Pte Ltd)	Investment holding company	Singapore	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Resorts (Maldives) Pvt Ltd[2]	Hotelier and investment holding company	Maldives	70	70
HPL Retail Pte Ltd	Trading in quoted investments and investment holding	Singapore	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100
HPL (UK) Limited[1]	Provision of information and services	United Kingdom	100	100
Landaa Giraavaru Private Limited[2]	Construction manager and investment holding company	Hong Kong/ Maldives	70	70
Leisure Holidays Private Limited[2]	Hotelier and investment holding company	Maldives	70	70
Luxury Complex Pte Ltd	Investment holding company	Singapore	85	85
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	85	85

39 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
Luxury Properties Pte Ltd	Investment holding company	Singapore	85	85
MAT Maldives Pvt Ltd[2]	Hotelier	Maldives	66.5	66.5
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55., Corp.[4]	Hotelier	U.S.A.	100	100
OP Investments Pte Ltd	Investment holding company	Singapore	100	100
Palmco Hotels Sdn Bhd[1]	Hotelier	Malaysia	70	-
Pebble Bay (Thailand) Co. Ltd[3]	Property development	Thailand	74	74
PT Amanda Arumdhani[2]	Hotelier	Indonesia	100	100
PT Amanda Citra[2]	Retailer	Indonesia	100	100
PT Amanda Natha[2]	Hotelier	Indonesia	100	100

39 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
PT Amanda Pramudita[2]	Hotelier	Indonesia	100	100
PT Amanda Surya[2]	Investment holding company	Indonesia	100	100
PT Bali Girikencana[1]	Hotelier	Indonesia	93.3	93.3
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Scoops Cafe Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd[1]	Hotelier	Thailand	74	74
Seaside Properties (Thailand) Co. Ltd[3]	Hotelier	Thailand	74	74
South West Pacific Investments Limited[4]	Hotelier/Casino operator	Vanuatu	100	100
Sovereign Builders & Development Sdn Bhd[1]	Investment holding company	Malaysia	100	100
Supreme Prospects Sdn Bhd[1]	Hotelier	Malaysia	100	100
Suseem Pty Ltd[7]	Hotelier	Australia	100	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100

39 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2006 %	2005 %
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Investment holding company	Singapore	100	100

All companies are audited by Deloitte & Touche, Singapore except for the following:

1 Audited by overseas practices of Deloitte Touche Tohmatsu
2 Audited by overseas practices of KPMG International
3 Audited by overseas practices of Ernst & Young
4 Audited by overseas practices of BDO International B.V.
5 Audited by Cohen & Schaeffer P.C.
6 Not required to be audited by law in country of incorporation and subsidiary not considered material.
7 Audited by overseas practices of BDO International B.V. in 2006, and audited by overseas practices of Deloitte Touche Tohmatsu in 2005.

Liquidated during the financial year.

** This company is considered a subsidiary as the Group has the power to determine and control the financial and operating policies of the company.

40 ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2006 %	2005 %
Held by subsidiaries of the Company				
Canary Riverside Development Pte Ltd#	Real estate developer, agent and lessor	Singapore/ United Kingdom	-	37.5
Canary Riverside Holdings Pte Ltd#	Investment holding company	Singapore/ United Kingdom	-	37.5
808 Holdings Pte Ltd[1]	Investment holding company	Singapore	33.33	-
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Shanghai Ning Xin Real Estate Development Co. Ltd[1]*	Property developer	People's Republic of China	16.49	16.49

All companies are audited by Deloitte & Touche, Singapore except for the following:

1 Audited by KPMG, Singapore or its overseas practices

Liquidated during the financial year.

* This company is considered an associate as the Group has the power to participate in the financial and operating policy decisions.

41 SUBSEQUENT EVENTS

Subsequent to the financial year ended December 31, 2006, the Group

(a) entered into a Sale and Purchase Agreement to acquire an additional 41% equity interest in a joint venture company for a total consideration of approximately $83.2 million. The transaction has not been completed as at the date of this report.

(b) acquired 40% equity interest in Horizon Partners Pte Ltd, which in turn exercised an option to purchase a leasehold condominium property for redevelopment at a purchase price of $500 million.

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company set out on pages 27 to 79 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2006 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts and when they fall due.

ON BEHALF OF THE DIRECTORS

Joseph Grimberg

Ong Beng Seng

March 8, 2007

ADDITIONAL INFORMATION

CORPORATE GOVERNANCE REPORT

This report describes Hotel Properties Limited's corporate governance processes and activities in 2006 with specific reference to the principles of the Code of Corporate Governance for listed companies in Singapore issued by the Singapore Exchange Securities Trading Limited ("SGX").

BOARD OF DIRECTORS

Principle 1 : Board's Conduct of its Affairs

The Board meets at least four times a year and as warranted by circumstances. The Company's Articles of Association provides for telephonic and videoconference meetings. The number of meetings held in the year and the attendance of the directors is as follows:

	HPL Board		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
Name of Directors	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended
Joseph Grimberg	4	4	N.A.	N.A.	1	1	1	1
Ong Beng Seng	4	3	N.A.	N.A.	1	1	N.A.	N.A.
Christopher Lim Tien Lock	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Gordon Seow Li Ming	4	4	4	4	N.A.	N.A.	1	1
Arthur Tan Keng Hock	4	4	4	4	N.A.	N.A.	N.A.	N.A.
Leslie Mah Kim Loong	4	3	4	3	N.A.	N.A.	N.A.	N.A.
Michael S. Dobbs-Higginson	4	3	N.A.	N.A.	1	1	N.A.	N.A.
David Fu Kuo Chen	4	4	N.A.	N.A.	N.A.	N.A.	1	1

N.A. = Not Applicable

The principal responsibilities of the Board are to:

- approve the broad policies, strategies and financial objectives of the Group and monitor its performance;
- approve major funding proposals, investment, disposals and capital expenditure;
- review the Group's financial performance and authorising announcements issued by the Company;
- oversee the processes for evaluating the adequacy of internal controls and risk management;
- approve the nominations of board directors; and
- assume responsibility for corporate governance and compliances with the Singapore Companies Act and the rules and requirements of regulatory bodies.

Matters which are specifically reserved to the full Board for decisions are those involving material acquisitions and disposals of assets, corporate or financial restructuring and share issuances and dividends. Additionally, the Board delegates certain of its functions to the Committee of Directors, Audit, Nominating and Remuneration Committees.

The Committee of Directors, established in May 1993, comprises three directors, namely Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen. The Committee of Directors is authorised and delegated by the Board to approve and/or carry into effect certain operational and administrative matters as stipulated in the Regulations of the Committee of Directors.

The Company worked closely with its company secretaries to provide its directors with regular updates on the latest governance and listing policies.

Principle 2 : Board Composition and Guidance

The Board comprises eight directors of whom two are executive directors, one non-executive and non-independent director and five non-executive and independent directors.

The Chairman of the Board is Mr. Joseph Grimberg (non-executive and independent). The executive directors are Mr. Ong Beng Seng (Managing Director) and Mr. Christopher Lim Tien Lock (Group Executive Director).

The majority of our directors are non-executive and independent of management and include professionals with legal, financial and commercial backgrounds. This provides management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

Key information regarding the directors of the Company is provided as follows:-

Mr. Joseph Grimberg

Date of appointment as Director	:	March 21, 1991
Date of appointment as Chairman	:	August 10, 2005
Date of last re-election	:	April 28, 2006
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Remuneration Committee since November 1, 2002 Member of the Nominating Committee since November 1, 2002

Mr. Joseph Grimberg joined Drew & Napier in 1957. He was Senior Partner of Drew & Napier prior to being appointed a Judicial Commissioner of the Supreme Court of Singapore from 1987 to 1989. Upon completion of his term of office, he returned to Drew & Napier as Senior Consultant to the firm. Mr. Grimberg has a B.A. (Law) from England and is a Barrister-at-law. He served as Senate of the Singapore Academy of Law, Member of the Singapore Academy of Law and a Member of the Permanent Court of Arbitration, The Hague. He also sits on the boards of Jurong Cement Limited and F.J. Benjamin Holdings Limited.

Mr. Ong Beng Seng

Date of appointment as Director	:	March 5, 1980
Date of last re-election	:	Managing Director is not subject to retirement by rotation (Article 77 of the Company's Articles of Association)
Nature of Appointment	:	Managing Director
Board Committees served on	:	Member of Remuneration Committee since November 1, 2002

Mr. Ong Beng Seng is the co-founder of the Company with more than 30 years of experience in the hotel and property development, hotel management, real estate and retail industries. He is responsible for all aspects of strategic planning and business development activities of the Group. He joined Motor & General Underwriters Investment Holdings Ltd in 1972. In 1977, Mr. Ong joined his father-in-law, Mr. Peter Y. S. Fu in Kuo International as an oil trader. The move thrust him into hotel and property development. Mr. Ong is an associate member of the Chartered Insurance Institute of England.

Mr. Christopher Lim Tien Lock

Date of appointment as Director	:	January 7, 1998
Date of last re-election	:	April 28, 2005
Nature of Appointment	:	Group Executive Director

Mr. Christopher Lim was appointed on January 7, 1998 as Group Executive Director. He was an alternate Director to Mr. Ong Beng Seng from 1995 till 1998. He graduated from the National University of Singapore with a bachelor's degree in Business Administration. Prior to joining HPL in 1989, he held the position of Director and Head of Corporate Finance of NM Rothschild and Sons Singapore Limited.

Mr. Gordon Seow Li Ming

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 28, 2006
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Nominating Committee since November 1, 2002 Member of the Audit Committee since March 11, 1997

Mr. Gordon Seow, a Barrister-at-law from Lincoln's Inn, was Singapore's Commissioner to Hong Kong between 1988 and 1994. He retired in October 1987 as Director and Regional Trading Manager of Shell Eastern Petroleum (Pte) Ltd after 30 years with the company. He joined the Pacific Century Group as Senior Advisor from 1994 to 1999. Mr. Seow sits on the board of Pacific Century Regional Developments Limited. His past directorship included Zindart Limited (Hong Kong).

Mr. Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 28, 2006
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Remuneration Committee since November 1, 2002

Mr. Dobbs-Higginson was formerly a member of the Executive Committee of Credit Suisse First Boston and was responsible for its business activities in the Asia Pacific region. Subsequently, he joined Merrill Lynch & Co., and became a member of Merrill Lynch's Capital Markets Executive Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region. He has business interests primarily in technology and a variety of strategic investments. Mr. Dobbs-Higginson has also been advisor to the Chairman and President of Banque Indosuez, Paris and the Bangkok Bank Company Public Limited, Thailand. In addition, he has published two books titled "Asia Pacific and its Role in the New World Disorder" and "The Investment Manual for Fixed Income Securities in the International and major Domestics Capital Markets". He attended the Trinity College, Ireland, the Kyoto University, Japan and the School of Oriental and African Studies, London University.

Mr. Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of last re-election	:	April 28, 2005
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Audit Committee since March 13, 1997
		Member of the Audit Committee since July 5, 1996

Mr. Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr. Tan, who has been an investment banker for over 15 years, has held senior management positions such as Managing Director of Smith New Court (Thailand) Co. Ltd, Director of Merrill Lynch (Singapore) Pte Ltd, Director, Corporate Finance, of Schroders International Merchant Bank Limited, Executive Director of Guthrie GTS Limited and various directorships in listed companies. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 29, 2004
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002

Mr. Leslie Mah is an Executive Director of Eu Yan Sang International Limited. He is a fellow member of the Institute of Chartered Accountants in England and Wales. Prior to joining Eu Yan Sang International, Mr. Mah was Executive Director and Company Secretary for Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director at Harper Gilfillan Limited for 10 years. He also sits on the board of Goodpack Limited as an Independent Director.

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 28, 2006
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee since August 5, 2005

Mr. David Fu is a director of Kuo Properties Pte Ltd. He graduated from the University of Southern California with a degree in Engineering and has extensive experience in property development and investment in USA and Singapore. He also sits on the board of Natsteel Ltd.

The Nominating Committee annually reviews the composition of the Board and independence of each director.

The Nominating Committee is of the view that the current board size of eight directors is appropriate after taking into account the nature and scope of the Group's operations.

Having regard to the depth and breadth of commercial knowledge, management expertise as well as business experiences of the individual directors, the Nominating Committee is of the view that the current Board comprises persons who as a group, provide core competencies necessary to govern and manage the Group's affairs.

Principle 3 : Role of Chairman and Managing Director

The Company has a separate Chairman and Managing Director. The Chairman is a non-executive and independent director who bears responsibility for the workings of the Board while the Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group. The Chairman, Managing Director and Group Executive Director set the board meeting agenda in consultation with the other directors. Both the Chairman and Managing Director are responsible for the conformity by management to Corporate Governance policies as laid down by the Board.

BOARD COMMITTEES

To facilitate effective management, certain functions have been delegated to various Board committees, each with its own terms of reference.

Nominating Committee

Principle 4 : Board Membership
Principle 5 : Board Performance

The Nominating Committee was formed on November 1, 2002 and comprises three non-executive directors of whom two are independent directors. The Nominating Committee is chaired by Mr. Gordon Seow Li Ming. Mr. Seow is not associated with the substantial shareholders of the Company. The other members are Mr. Joseph Grimberg and Mr. David Fu Kuo Chen.

The Nominating Committee's role is to establish an objective and transparent process for:

- the appointment or re-appointment of members of the Board and of the various Board committees;

- evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;

- determining the independence of directors; and

- reviewing the multiple board representations of each director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company.

New directors are appointed by way of a board resolution, after the Nominating Committee has reviewed and nominated them for appointment. Such new directors submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. Article 80 of the Company's Articles of Association requires at least one third of the Board to retire by rotation at every AGM, except that the Managing Director is not subject to retirement by rotation.

For the purpose of its evaluation of the directors' performance, the Nominating Committee focuses on whether the directors, individually or collectively possesses the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Audit Committee

Principle 11 : Audit Committee
Principle 12 : Internal Controls

The Audit Committee was formed in 1991 and was re-constituted on November 1, 2002 in compliance with the spirit of the Code of Corporate Governance.

The Audit Committee comprises three non-executive directors namely, Mr. Arthur Tan Keng Hock, Mr. Gordon Seow Li Ming and Mr. Leslie Mah Kim Loong, all of whom are independent directors. The Audit Committee is chaired by Mr. Arthur Tan Keng Hock, an independent director, who was an investment banker for over 15 years. The other members of the Audit Committee have many years of experience in accounting, finance and business management.

The Audit Committee performs the following main functions:

- reviews with the external auditor, their audit plan, and results of their examination and evaluation of the Group's system of internal accounting controls, impact of new, revised or proposed changes in accounting policies, legislation and regulations;

- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control systems;

- reviews the quarterly and full year announcements on the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the Board;

- reviews interested party transactions;

- reviews the co-operation given by the Company's officers to the internal and external auditors; and

- makes recommendations to the Board on the appointment of the internal and external auditors.

The Audit Committee meets the external auditors (without the presence of the Company's management) at least once a year.

The Audit Committee received co-operation from management and was not obstructed or impeded by management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the Group's operating results and financial position.

The Audit Committee has full discretion to invite any director or executive officer of the Company to attend its meetings.

The Audit Committee has reviewed the Group's risk management and, based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

The Audit Committee has conducted an annual review of all non-audit services by the auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors.

A Policy on Business Related Conduct has also been put in place by the Audit Committee to provide an independent feedback channel for employees to report any corporate wrongdoings and to ensure appropriate investigation and follow up action on such report, if any.

Principle 13: Internal Audit

The Audit Committee is tasked with overseeing the implementation of an effective system of internal controls as well as with putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The Audit Committee has the mandate to authorise special reviews or investigations, where appropriate, in discharging its responsibility.

The internal audit function is currently outsourced to LTC & Associate who reports directly to the Audit Committee. The internal auditors support the Audit Committee in their role to assess the effectiveness of the Group's overall system of operational and financial controls as well as assist in the implementation of a risk management framework.

The Audit Committee reviews and approves the internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the Audit Committee periodically.

Remuneration Committee

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The Remuneration Committee was formed on November 1, 2002 and comprises three directors, of whom two, including the Chairman, are non-executive and independent directors.

The Remuneration Committee is chaired by Mr. Joseph Grimberg. The other members are Mr. Michael S. Dobbs-Higginson and Mr. Ong Beng Seng. The Board is of the view that it is appropriate for the Group's Managing Director, Mr. Ong Beng Seng to remain as a member of the Remuneration Committee as he does not receive monthly remuneration from the Group and is not eligible for grants under the Company's Executive Share Option Scheme and Performance Share Plan.

The Remuneration Committee's principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required calibre to manage the Group successfully;

- review and recommend senior management remuneration package and that of the executive director whose remuneration packages include a variable bonus component which is performance-related, and also stock options and performance shares which have been designed to align their interests with those of the shareholders;

- review the recommendation of the executive directors, for approval of the Board, the directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Articles of Association;

- administer the Hotel Properties Limited Executives' Share Option Scheme which was approved by the shareholders on June 23, 2000 ("Scheme 2000"); and

- administer the Hotel Properties Limited Performance Share Plan approved by the shareholders on April 28, 2006 ("HPL PSP").

While none of the members of the Remuneration Committee specialise in the area of executive compensation, the Committee is entitled to have access to independent industry data and professional advice if necessary. Moreover, they have unrestricted access to the Company's records and information so as to enable them to carry out their duties.

The remuneration for executive director and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive director and senior management staff consists of both a fixed and variable components. The fixed component includes salary and pension fund contributions. The variable component comprises a bonus element and share options which are performance-based.

Non-executive directors have no service contracts and their terms are specified in the Articles. They are paid directors' fees, subject to approval at the AGM.

The Remuneration Committee recommends the payment of the directors' fees to be approved by shareholders at the Annual General Meeting of the Company. No director is involved in deciding his own remuneration.

The Code requires the remuneration of directors and at least the top 5 key executives (who are not also directors) to be disclosed within bands of S$250,000. The Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of individual executives is disadvantageous to its business interest, given the highly competitive industry conditions. Nevertheless, disclosure on a total basis can be found in Notes 5, 30 and 31 to the Financial Statement.

There is no employee who is related to a director or the CEO whose remuneration exceeds $150,000 in the Group's employment for the financial year ended December 31, 2006.

The Remuneration Committee administers Scheme 2000 in accordance with the rules as approved by shareholders. Executive directors (except Mr. Ong Beng Seng who is also a deemed substantial shareholder of the Company) were granted share options under the Scheme but not non-executive directors. The Company holds the view that, at this point in its development, the interests of maintaining the objectivity and independence of the non-executive directors is best served by a cash-based remuneration package. The objectives of Scheme 2000 are to motivate the executives of the Group to optimise their performance standards and efficiency and to retain key executives whose contributions are important to the long term growth and profitability of the Group.

In addition to Scheme 2000, the shareholders have approved the HPL PSP on April 28, 2006 to give the Company greater flexibility to align the interests of the employees, especially key executives, with those of shareholders. It is also intended that the HPL PSP complements Scheme 2000 in its continuing effects to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for shareholders. No performance share has been awarded pursuant to the HPL PSP since its establishment.

Other details of the Scheme 2000 and HPL PSP are found in the Directors' Report.

Principle 6 : Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with financial statements. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations.

The directors are kept informed by the executive directors on the status of on-going activities between meetings. Where a decision has to be made before a Board meeting, a circulating directors' resolution is done in accordance with the Articles of Association of the Company and the directors are provided with all necessary information to enable them to make informed decisions.

In addition, directors have separate and independent access to the advice and services of the company secretaries, who are responsible to the Board for ensuring board procedures are followed and advising on the implementation of compliance requirements pursuant to the relevant statutes and regulations. The company secretary attends all board and committee meetings.

Each director also has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as directors.

COMMUNICATION WITH SHAREHOLDERS

Principle 10 : Accountability and Audit
Principle 14 : Communication with Shareholders
Principle 15 : Greater Shareholder Participation

The Company does not practice selective disclosure. Price sensitive announcements including quarterly and full-year results are released through SGXNET and subsequently posted on the Company's website. All shareholders of the Company receive the Annual Report and notice of AGM which can be accessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses.

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member.

Interested Person Transactions ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's interested person transactions. Details of the significant interested person transactions for the financial year ended December 31, 2006 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2006 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000)
***Associates of Mr. Ong Beng Seng / Mr. David Fu Kuo Chen**	$'000	$'000
Rental Income	9,242	-
Management Fee expense	689	-

All the above interested person transactions were done on commercial terms.

Save as disclosed, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the director, chief executive officer or controlling shareholder and his/their associates.

Note:

* "Associate" in relation to a director, chief executive officer or controlling shareholder means
- his immediate family;
- the trustees 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
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

DEALINGS IN SECURITIES

The Group has adopted an internal code which prohibits the directors and executives of the Group from dealing in the Company's shares during the periods commencing two weeks and one month prior to the announcement of the Group's quarterly and full year results respectively and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

PARTICULARS OF GROUP PROPERTIES

The main properties as at December 31, 2006 are as follows:

A. Classified as Group Property, Plant and Equipment (Note 19 to the financial statements)

	Land $'000	Buildings $'000	Leasehold Property $'000
FREEHOLD AND LONG-TERM LEASEHOLD			
Singapore			
A 24-storey hotel building with 423 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)	208,800	9,951	-
Total Freehold and Long-term Leasehold	208,800	9,951	-
FREEHOLD			
Singapore			
A 20-storey hotel building with 257 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646	50,000	99,771	-
Part of a 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724 occupied by the companies in the Group	19,696	3,583	-
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	9,194	-	-
A 5-storey hotel building with 177 rooms (known as Casuarina Beach Resort) at Jalan Batu Ferringhi, Penang, Malaysia	14,746	5,442	-
Thailand			
A 10-storey hotel building with 325 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	12,531	19,945	-
2 inter-connecting hotel buildings of 10 and 11 storeys with 171 rooms (known as The Metropolitan, Bangkok) at 28 South Sathorn Road, Bangkok, Thailand	13,678	35,621	-
A plot of land located at South Sathorn Road, Bangkok, Thailand	15,529	476	-
A condominium unit at Sathorn Park Place, Bangkok, Thailand	-	442	-

A. Classified as Group Property, Plant and Equipment (Note 19 to the financial statements) (cont'd)

	Land $'000	Buildings $'000	Leasehold Property $'000
FREEHOLD (cont'd)			
United States of America			
A hotel building with 124 rooms (known as Fitzpatrick Hotel) at 127 East, 55th Street, New York City, New York, U.S.A.	9,575	29,557	-
Total Freehold	144,949	194,837	-
LEASEHOLD			
Singapore			
A 9-storey hotel building with 407 rooms/suites (known as Le Meridien Singapore) at 100 Orchard Road, Singapore 238840 (lease expiring 99 years from August 17, 1979)	-	-	93,226
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	413	787	-
Indonesia			
A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran) located at Bukit Permia, Jimbaran Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively)	77,584	9,495	-
A resort hotel with 60 villas (known as Four Seasons Resort Bali at Sayan) located at Sayan Village, District of Ubud, Bali, Indonesia (lease expiring 30 years from August 4, 1994 with an option to extend for another 30 years)	1,345	38,186	-
A holiday resort with 418 rooms (known as Hard Rock Hotel Bali) located at Kuta Village, Bali, Indonesia (lease expiring 30 years from October 31, 1996 with an option to extend for another 30 years)	5,002	67,275	-
A resort hotel with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay) located at Jimbaran Village, Bali, Indonesia (lease expiring 30 years from June 27, 1996 with an option to extend for another 30 years)	1,661	5,122	-

A. Classified as Group Property, Plant and Equipment (Note 19 to the financial statements) (cont'd)

	Land $'000	Buildings $'000	Leasehold Property $'000
LEASEHOLD (cont'd)			
Vanuatu			
A holiday resort (known as Le Meridien Port Vila Resort and Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 13, 1980 and July 8, 1992 respectively)	1,200	5,666	-
Maldives			
A resort (known as Four Seasons Resort Maldives at Kuda Huraa) located at North Male' Atoll, Republic of Maldives (lease expiring 21 years from May 1, 1994)	5,161	45,266	-
A resort (known as Four Seasons Resort Maldives at Landaa Giraavaru) located at Baa Atoll, Republic of Maldives (lease expiring 23 years from December 31, 2001)	9,778	67,348	-
A resort (known as Rihiveli Resort) located at Kaafu Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	-	1,576	-
Total Leasehold	102,144	240,721	93,226
TOTAL (Classified as Group Property, Plant and Equipment)	455,893	445,509	93,226

B. Classified as Development Properties (Note 12 to the financial statements)

Location	Title	Expected Year of Completion	Site Area (sqm)	Proposed Gross Floor Area (sqm)	Description and Existing Use
Singapore					
Lot 826M of Town Sub-division 24 at Tomlinson Road.	Freehold	Not yet started	7,143	20,000	Proposed residential development
Thailand					
Plot No. 129 at 125 South Sathorn Road, Bangkok.	Freehold	2009	11,360	113,600	Proposed 66-storey residential development comprising 370 units of apartments

B. Classified as Development Properties (Note 12 to the financial statements) (cont'd)

Location	Title	Expected Year of Completion	Site Area (sqm)	Proposed Gross Floor Area (sqm)	Description and Existing Use
People's Republic of China					
N3-1 site at Lujiazui Financial and Trading Zone, Shanghai.	Leasehold (50 years from February 25, 1997)	2008	12,000	83,000	Proposed residential and commercial development
Cambodia					
Siemreap Province Siemreap Town Division 3 Section 1 Cambodia	Leasehold (70 years from August 10, 1994 and March 21, 1996 respectively)	Not yet started	38,721	-	Land for redevelopment

C. Classified as Group Investment Properties (Note 20 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
5 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold	697	100
Office and shop units at 50 Cuscaden Road, Singapore 249724	Freehold	3,989	100
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold	16,557	59
1 shop unit at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	132	100
61 shop units at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	7,575	85
People's Republic of China			
1 residential unit at Shun Hing Square, Shenzhen, People's Republic of China	Leasehold 50 years from January 2, 1995	103	100

D. Classified as Completed Properties Held for Sale (Note 13 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
1 condominium unit at Four Seasons Park 12 Cuscaden Walk, Singapore 249692	Freehold	210	100
2 condominium units and 4 commercial units at Robertson Blue, 86/88 Robertson Quay, Singapore 238247	Freehold	917	100
2 commercial units at Orchard Plaza 150 Orchard Road, Singapore 238841	Leasehold 99 years from June 2, 1977	1,182	100
United Kingdom			
1 apartment unit at Sailmakers Court Townmead Road, London, United Kingdom	Leasehold 999 years from December 25, 1989	128	100
1 apartment unit at Eaton House 38 Westferry Circus, London, United Kingdom	Leasehold 999 years from February 5, 1997	74	100

STATISTICS OF SHAREHOLDINGS AS AT MARCH 12, 2007

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	104	2.41	39,916	0.01
1,000 - 10,000	3,739	86.63	11,908,506	2.61
10,001 - 1,000,000	454	10.52	24,340,841	5.34
1,000,001 and above	19	0.44	419,825,147	92.04
Total:	4,316	100.00	456,114,410	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Oversea-Chinese Bank Nominees Pte Ltd	133,119,700	29.19
2	Nassim Developments Pte Ltd	94,405,000	20.70
3	Citibank Nominees Singapore Pte Ltd	54,064,681	11.85
4	HSBC (Singapore) Nominees Pte Ltd	49,844,404	10.93
5	Morgan Stanley Asia (Singapore) Securities Pte Ltd	15,885,400	3.48
6	DBS Nominees Pte Ltd	14,433,977	3.16
7	DBSN Services Pte Ltd	12,863,810	2.82
8	UOB Kay Hian Pte Ltd	7,735,000	1.70
9	United Overseas Bank Nominees Pte Ltd	7,716,841	1.69
10	DBS Vickers Securities (S) Pte Ltd	5,785,000	1.27
11	Tengku Idris Shah Ibni Sultan Salahuddin Abdul Aziz Shah	4,351,000	0.95
12	Phillip Securities Pte Ltd	3,774,524	0.83
13	Raffles Nominees Pte Ltd	3,750,600	0.82
14	Como Holdings Inc	3,020,000	0.66
15	Reef Holdings Pte Ltd	2,750,000	0.60
16	OCBC Nominees Singapore Private Limited	2,194,700	0.48
17	OCBC Securities Private Ltd	1,925,000	0.42
18	CIMB-GK Securities Pte Ltd	1,168,510	0.26
19	Kim Eng Securities Pte Ltd	1,037,000	0.23
20	Christina Ong	1,000,000	0.22
Total:		420,825,147	92.26

SUBSTANTIAL SHAREHOLDERS AS AT MARCH 12, 2007

as shown in the Company's Register of Substantial Shareholders

Substantial Shareholder	Direct/Beneficial Interest No of Shares	%	Deemed Interest No of Shares	%
Coldharbour Limited	66,289,800	14.53	-	-
Como Holdings Inc	70,159,800	15.38	-	-
Born Free Investments Limited	33,144,900	7.27	-	-
Holmshaw Services Limited	31,019,000	6.80	-	-
Ong Beng Seng	3,000,000	0.66	105,428,800 (1)	23.11
Peter Fu Chong Cheng	-	-	132,453,700 (2)	29.04
Kuo Investments Limited	-	-	31,019,000 (3)	6.80
Nassim Developments Pte. Ltd.	95,230,000	20.88	-	-
Wheelock Properties (Singapore) Limited	-	-	■ 95,230,000	20.88
Star Attraction Limited	-	-	■ 95,230,000	20.88
Wheelock Properties Limited	-	-	■ 95,230,000	20.88
Wheelock and Company Limited	-	-	■ 95,230,000	20.88

Notes:

(1) Mr Ong Beng Seng is deemed to have an interest in the shares of Como Holdings Inc, Reef Holdings Pte Ltd, Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50 and in the shares held by his spouse.

(2) Mr Peter Fu Chong Cheng is deemed to have an interest in the shares of Born Free Investments Limited, Holmshaw Services Limited, Coldharbour Ltd and Jermaine Ltd by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

(3) Kuo Investments Limited is deemed to have an interest in the 31,019,000 shares held by Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

■ Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Properties Limited, Wheelock and Company Limited are deemed to have an interest in the 95,230,000 shares held by Nassim Developments Pte. Ltd. by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

Approximately 32.17% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Company will be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on April 20, 2007 at 4.00 p.m. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive and consider the directors' report and accounts for the year ended December 31, 2006 and the auditor's report thereon. **Resolution 1**

2. To declare a first and final dividend of 2.5 cents per ordinary share less tax of 18% for the year ended December 31, 2006. **Resolution 2**

3. To declare a special dividend of 2.5 cents per ordinary share less tax of 18% for the year ended December 31, 2006. **Resolution 3**

4. To approve the proposed Directors' fees of $288,000 for the year ended December 31, 2006. (2005: $288,000) **Resolution 4**

5. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

7. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr. Joseph Grimberg be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. **Resolution 6**

8. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr. Gordon Seow Li Ming be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. **Resolution 7**

9. To re-elect Mr. Arthur Tan Keng Hock pursuant to Article 80 of the Articles of Association. **Resolution 8**

10. To re-elect Mr. Leslie Mah Kim Loong pursuant to Article 80 of the Articles of Association. **Resolution 9**

11. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:-

    (a) That pursuant to Section 161 of the Companies Act, Chapter. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue or otherwise) 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 provided that: **Resolution 10**

    (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the total number of shares issued by the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the total number of shares issued by the Company;

(ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of the number of shares to be issued shall be based on the total number of shares issued by the Company at the time this Resolution is passed, after adjusting for

(a) new shares arising from the conversion or exercise of any convertible securities or employee share options or the vesting of share awards that are outstanding when this Resolution is passed, and
(b) any subsequent consolidation or subdivision of shares; and

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(b) That the directors of the Company be and are hereby authorised to offer and grant options over ordinary shares in the Company in accordance with the regulations of the Hotel Properties Limited Share Option Scheme 2000 ("the Scheme 2000") and pursuant to Section 161 of the Companies Act, Cap 50., the directors be and are hereby authorised to issue and allot ordinary shares upon the exercise of any such options and to do all such acts and things as may be necessary or expedient to carry the same into effect provided that the total number of shares allotted and issued under the Scheme 2000 is limited to fifteen (15) per cent of the total number of shares issued by the Company or such other limit as may be specified in the Listing Manual of the Singapore Exchange Securities Trading Limited from time to time. **Resolution 11**

(c) "That approval be and is hereby given to the Directors of the Company to grant awards from time to time in accordance with the provisions of the Hotel Properties Limited Performance Share Plan ("HPL PSP"), and pursuant to Section 161 of the Companies Act, Cap 50, to allot and issue from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of the awards under the HPL PSP, provided that the aggregate number of shares to be allotted and issued pursuant to the HPL PSP, Hotel Properties Limited Share Option Scheme, Hotel Properties Limited Share Option Scheme 2000 and any other share-based incentive schemes of the Company, shall not exceed fifteen (15) per cent of the issued shares of the Company from time to time." **Resolution 12**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 15, 2007 to May 16, 2007 (both dates inclusive), for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd of 3 Church Street #08-01 Samsung Hub Singapore 049483, up to the close of business at 5 p.m. on May 14, 2007 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 30, 2007 to shareholders registered in the books of the Company on May 14, 2007.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said first & final dividend and special dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board
Chuang Sheue Ling/Lo Swee Oi
Company Secretaries
April 5, 2007
Singapore

Explanatory Notes on Special Business to be transacted:-

(a) Ordinary Resolutions 6 and 7 are to re-appoint directors who are over 70 years of age in accordance to Section 153(6) of the Companies Act, Cap 50.

(b) Mr. Joseph Grimberg, an independent director who is over 70 years of age, if re-appointed, will remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee.

(c) Mr. Gordon Seow Li Ming who is over 70 years of age, if re-appointed, will remain as Audit Committee member and Chairman of the Nominating Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(d) Mr. Arthur Tan Keng Hock, an independent director, if re-elected, will remain as Chairman of the Audit Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(e) Mr. Leslie Mah Kim Loong, an independent director, if re-elected, will remain as member of the Audit Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(f) Ordinary Resolution 10 will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

(g) Ordinary Resolution 11 is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme 2000 provided that the aggregate number of shares to be issued under the Scheme 2000, when aggregated with shares to be issued under any other existing share schemes of the Company does not exceed 15% of the total number of shares issued by the Company from time to time.

(h) Ordinary Resolution 12, if passed, will empower the Directors to offer and grant awards under the HPL PSP (as from time to time amended, modified or supplemented), which was approved at the extraordinary general meeting of the Company on April 28, 2006 and to allot and issue shares in the capital of the Company, pursuant to the vesting of the awards under the HPL PSP provided that the aggregate number of shares to be issued under the HPL PSP, when aggregated with shares to be issued under any other existing share schemes of the Company, does not exceed 15 per cent of the issued shares of the Company for the time being.

Notes:

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 50 Cuscaden Road #08-01 HPL House Singapore 249724, not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

This page has been intentionally left blank.

HOTEL PROPERTIES LIMITED
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(REGISTRATION NUMBER 198000348Z)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy Hotel Properties Limited shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____ (Name)
of ____ (Address)
being a member/members of **HOTEL PROPERTIES LIMITED** hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twenty-Seventh Annual General Meeting of the Company to be held on Friday, April 20, 2007 at 4.00p.m. and at any adjournment thereof.

I/We have indicated with an "x" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors' Reports and Accounts		
2.	Declaration of a First and Final Dividend		
3.	Declaration of a Special Dividend		
4.	Directors' Fees		
5.	Re-appointment of Auditors		
6.	Re-appointment of Director (Mr Joseph Grimberg)		
7.	Re-appointment of Director (Mr Gordon Seow Li Ming)		
8.	Re-election of Director (Mr Arthur Tan Keng Hock)		
9.	Re-election of Director (Mr Leslie Mah Kim Loong)		
10.	Authority to issue shares pursuant to Section 161 of Companies Act, Cap. 50.		
11.	Authority to issue shares pursuant to Hotel Properties Limited Share Option Scheme 2000		
12.	Authority to grant awards and issue shares pursuant to the Hotel Properties Limited Performance Share Plan		

Dated this____________day of______________ 2007

Total No. of Shares Held	

IMPORTANT: PLEASE READ NOTES OVERLEAF

____
Signature(s) of individual Member(s) / Common Seal of Corporate Member

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 50 Cuscaden Road #08-01 HPL House Singapore 249724 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

HOTEL PROPERTIES LIMITED
50 Cuscaden Road #08-01
HPL House Singapore 249724
Tel: 6734 5250 Fax: 6732 0347
www.hotelprop.com
Regn No: 198000348Z