



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statements and Dividend Announcement

1(a)(i) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2009	Year ended Dec 31, 2008
Revenue	443,181	612,013
Cost of sales	(311,431)	(427,438)
Gross profit	131,750	184,575
Other operating income	2,606	1,934
Administrative expenses	(47,495)	(51,706)
Other operating expenses	(900)	(17,273)
Finance costs	(30,923)	(33,846)
Other non-operating income	5,413	8,713
Share of results of associates and jointly controlled entities	(5,750)	1,853
Profit before income tax and fair value changes in investment properties	54,701	94,250
Loss on fair value changes:		
Share of fair value loss on investment properties of associates	(2,699)	(7,339)
Fair value loss on investment properties	-	(30,254)
	(2,699)	(37,593)
Profit before income tax	52,002	56,657
Income tax expense	(14,777)	(16,641)
Profit for the year	37,225	40,016
Attributable to:		
Shareholders of the Company	35,241	32,880
Minority interests	1,984	7,136
	37,225	40,016

1(a)(ii) Notes to the income statement:

	GROUP \$'000	
	Year ended Dec 31, 2009	Year ended Dec 31, 2008
Investment income	50	177
Other income including interest income	1,694	1,757
Depreciation and amortisation	(50,390)	(49,568)
Allowance for doubtful trade receivables	(151)	(232)
Fair value gain (loss) in held-for-trading investments	862**	(13,480)*
Foreign exchange (loss) gain	(266)	859
Adjustment for over provision of tax in respect of prior years	582	2,201
Plant and equipment written off	(72)	(65)
Gain on disposal of available-for-sale investments	1,018^	-
Gain on disposal of an associate	4,651^	-
Gain on divestment of a subsidiary	-	505
Gain on disposal of a property	-	5,826^

Note:

** Included in other operating income

* Included in other operating expenses

^ Included in other non-operating income

1(a)(iii) Statement of Comprehensive Income

With effect from January 1, 2009, FRS 1 *Presentation of Financial Statements* requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognised directly in equity. This is a change in presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are shown in the Statement of Changes in Equity.

	GROUP \$'000	
	Year ended Dec 31, 2009	Year ended Dec 31, 2008
Profit for the year	37,225	40,016
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	3,084	(15,918)
Decrease in exchange fluctuation reserve arising from disposal of an associate	(746)	-
Increase (decrease) in hedge reserve	84	(1,987)
Decrease in other capital reserve	(451)	(4,063)
Increase in other capital reserve arising from disposal of available-for-sale investments	2,206	-
Decrease in asset revaluation reserve arising from disposal of completed properties held for sale	(1,019)	-
Share of other comprehensive income of associates and jointly controlled entities	1,107	(10,694)
	4,265	(32,662)
Total comprehensive income	41,490	7,354
Attributable to:		
Shareholders of the Company	40,295	312
Minority interests	1,195	7,042
	41,490	7,354

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
ASSETS				
Current assets:				
Cash and bank balances	48,054	41,328	14,522	10,724
Trade and other receivables	152,670	185,424	4,104	4,352
Derivative financial instruments	-	3,765	-	3,765
Amount due from associates and jointly controlled entities	105,608	156,655	9,531	9,891
Amount due from subsidiaries	-	-	733,291	709,713
Inventories	7,434	8,271	573	501
Development properties	307,998	369,915	-	-
Completed properties held for sale	64,405	6,214	-	-
Held-for-trading investments	2,540	-	-	-
Total current assets	688,709	771,572	762,021	738,946
Non-current assets:				
Associates and jointly controlled entities	416,256	295,875	2,361	2,361
Subsidiaries	-	-	561,557	579,890
Available-for-sale investments	5,068	7,831	-	-
Other long-term receivables and prepayments	779	892	-	-
Property, plant and equipment	1,035,456	1,071,270	230,674	233,436
Investment properties	616,581	616,581	-	-
Deferred tax assets	679	128	-	-
Intangible assets	15,026	15,473	-	-
Total non-current assets	2,089,845	2,008,050	794,592	815,687
Total assets	2,778,554	2,779,622	1,556,613	1,554,633
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdraft	1,154	-	-	-
Bank loans	176,537	379,551	114,965	189,947
Trade and other payables	99,438	121,491	19,077	18,747
Amount due to associates	-	457	-	-
Amount due to subsidiaries	-	-	45,565	44,537
Derivative financial instruments	584	-	-	-
Income tax payable	9,336	7,887	2,261	1,841
Total current liabilities	287,049	509,386	181,868	255,072
Non-current liabilities:				
Advances from subsidiaries	-	-	102,895	95,386
Derivative financial instruments	1,491	1,541	-	-
Long-term bank loans	1,145,092	959,754	444,129	383,586
Other long-term liabilities	13,506	14,734	-	-
Deferred tax liabilities	29,395	28,897	1,127	918
Total non-current liabilities	1,189,484	1,004,926	548,151	479,890
Share capital and reserves:				
Share capital	681,561	681,322	681,561	681,322
Reserves	539,290	502,922	145,033	138,349
Equity attributable to shareholders of the Company	1,220,851	1,184,244	826,594	819,671
Minority interests	81,170	81,066	-	-
Total equity	1,302,021	1,265,310	826,594	819,671
Total liabilities and equity	2,778,554	2,779,622	1,556,613	1,554,633

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
\$66,517,000	\$114,965,000	\$193,490,000	\$189,947,000

Amount repayable after one year

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
\$797,497,000	\$358,070,000	\$731,159,000	\$239,620,000

Details of any collateral

The above are secured by legal mortgages on properties of the Company and some subsidiaries, fixed and floating charges on assets of the Company and some subsidiaries and pledge of shares of certain subsidiaries.

1(c) Consolidated Statement of Cash Flows

	Year ended Dec 31, 2009 \$'000	Year ended Dec 31, 2008 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	60,451	62,143
Adjustments for:		
Amortisation of intangible assets	332	332
Depreciation expense	50,058	49,236
Share-based payment expense	1,357	1,395
Fair value loss in investment properties	-	30,254
Plant and equipment written off	72	65
Gain on divestment of a subsidiary	-	(505)
Gain on disposal of a property	-	(5,826)
Gain on disposal of an associate	(4,651)	-
Gain on disposal of available-for-sale investments	(1,018)	-
Finance costs	30,923	33,846
Interest income	(310)	(849)
Dividend income	(50)	(177)
Profit before working capital changes	137,164	169,914
Trade and other payables	(21,430)	17,860
Completed properties held for sale	5,195	-
Development properties and expenditure	11,830	(40,189)
Receivables and prepayments	36,175	(137,552)
Held-for-trading investments	(2,540)	25,316
Inventories	837	(1,180)
Cash generated from operations	167,231	34,169
Dividend received	50	177
Income tax paid	(13,393)	(7,809)
Net cash from operating activities	153,888	26,537
Cash flows used in investing activities:		
Divestment of a subsidiary (see Note A below)	-	2,051
Additional available-for-sale investments	-	(96)
Additional investment properties	-	(118)
Additional property, plant and equipment	(20,119)	(69,590)
Net investment in associates and jointly controlled entities	(72,971)	(160,199)
Proceeds from divestment of a jointly controlled entity	-	2,588
Proceeds from disposal of available-for-sale investments	4,036	-
Proceeds from disposal of property, plant and equipment	935	739
Cash used in investing activities	(88,119)	(224,625)
Cash flows (used in) from financing activities:		
Interest received	310	849
Finance costs paid	(42,844)	(44,855)
Dividend paid	(5,045)	(25,213)
(Repayment to) Advances from minority shareholders	(946)	269
Additional borrowings	379,996	502,122
Repayment of borrowings	(393,022)	(261,663)
Hire purchase creditor	-	(136)
Increase in deposits under pledge to bank	-	(487)
Proceeds from issue of shares	-	63
Cash (used in) from financing activities	(61,551)	170,949
Net increase (decrease) in cash and cash equivalents	4,218	(27,139)
Cash and cash equivalents at beginning of year	40,647	68,061
Effect of exchange rate changes on cash balances held in foreign currencies	1,347	(275)
Cash and cash equivalents at end of year	46,212	40,647

Cash and cash equivalents at end of period

The cash and cash equivalents as at December 31, 2009, comprise of cash and bank balances less bank overdraft and deposits under pledge to banks of \$688,000.

	Year ended Dec 31, 2009 \$'000	Year ended Dec 31, 2008 \$'000
Note A: Summary of cash inflow arising from divestment of interest in a subsidiary		
Current assets	-	92
Current liabilities	-	(268)
Net current liabilities	-	(176)
Other non-current assets	-	5,589
Other non-current liabilities	-	(3,650)
Net assets divested	-	1,763
Gain on divestment	-	505
Proceeds	-	2,268
Cash of subsidiary divested	-	(217)
Cash inflow arising from divestment of a subsidiary	-	2,051

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP						
Balance as at Jan 1, 2008	681,040	361,135	165,512	1,207,687	80,961	1,288,648
Final dividends for the previous year, paid	-	(25,213)	-	(25,213)	-	(25,213)
Share-based payments during the year	-	-	1,395	1,395	-	1,395
Total comprehensive income for the year	-	32,880	(32,568)	312	7,042	7,354
Net movement during the year	-	-	-	-	(6,937)	(6,937)
Transfer during the year	219	-	(219)	-	-	-
Issue of shares	63	-	-	63	-	63
Balance as at Dec 31, 2008	681,322	368,802	134,120	1,184,244	81,066	1,265,310
Final dividends for the previous year, paid	-	(5,045)	-	(5,045)	-	(5,045)
Share-based payments during the year	-	-	1,357	1,357	-	1,357
Total comprehensive income for the year	-	35,241	5,054	40,295	1,195	41,490
Net movement during the year	-	-	-	-	(1,091)	(1,091)
Transfer during the year	239	-	(239)	-	-	-
Balance as at Dec 31, 2009	681,561	398,998	140,292	1,220,851	81,170	1,302,021

* Includes asset revaluation reserve, exchange fluctuation reserve, hedge reserve, option reserve and other capital reserve.

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Total \$'000
COMPANY				
Balance as at Jan 1, 2008	681,040	31,475	111,078	823,593
Final dividends for the previous year, paid	-	(25,213)	-	(25,213)
Share-based payments during the year	-	-	1,395	1,395
Total comprehensive income for the year	-	19,812	21	19,833
Transfer during the year	219	-	(219)	-
Issue of shares	63	-	-	63
Balance as at Dec 31, 2008	681,322	26,074	112,275	819,671
Final dividends for the previous year, paid	-	(5,045)	-	(5,045)
Share-based payments during the year	-	-	1,357	1,357
Total comprehensive income for the year	-	10,010	601	10,611
Transfer during the year	239	-	(239)	-
Balance as at Dec 31, 2009	681,561	31,039	113,994	826,594

** Includes asset revaluation reserve, hedge reserve and option reserve.

1(d)(ii) Details of Any Changes in Company's Issued Share Capital

Since the end of the previous financial period reported on to the date of this announcement, 236,500 new ordinary shares were issued by the Company upon vesting of performance shares granted in conjunction with the Hotel Properties Limited Performance Share Plan.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

As at December 31, 2009, the number of outstanding share options under the Company's Share Option Scheme 2000 was 5,700,000 (as at December 31, 2008: 4,650,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 709,500 (as at December 31, 2008: 946,000).

1(d)(iii) Total Number of Issued Shares

	Dec 31, 2009	Dec 31, 2008
Total number of issued shares excluding treasury shares	504,739,851	504,503,351

1(d)(iv) Statement Showing All Sales, Transfers, Disposal, Cancellation and/or Use of Treasury Shares

Not applicable. There is no treasury share as at the end of the current financial year reported on.

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

Not applicable.

4. Changes in Accounting Policies

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements.

5. Reasons for and Effect of Changes in Accounting Policies

Not applicable.

6. Earnings Per Share

	Year ended Dec 31, 2009	Year ended Dec 31, 2008
Based on the weighted average number of ordinary shares in issue	6.99 cents	6.52 cents
On a fully diluted basis	6.97 cents	6.52 cents

7. Net Asset Value

	Dec 31, 2009	Dec 31, 2008
GROUP	\$2.42	\$2.35
COMPANY	\$1.64	\$1.62

8. Review of Performance

The Group's revenue for the year ended December 31, 2009, was \$443 million compared to \$612 million last year.

2009 was a challenging year as the global economic crisis and the H1N1 outbreak directly affected the hospitality sector. Both hotel occupancy and room rates suffered due to low tourist arrivals and a more cost conscious business community. However, the trend was reversed as we approached the last quarter of the year as the Group's hotel business began to show signs of recovery.

On the property front, the completion of The Met condominium development in Q2 2009 also attributed to the lower Group revenue for the year ended December 31, 2009 as compared to the previous year. Nevertheless, collection from purchasers resulted in higher cash generated from operations of \$153.9 million for the year ended December 31, 2009 compared to \$26.5 million last year.

During the last quarter of 2009, the Group equity accounted for its 20% share of profits from the Westminster Terrace residential project in Tsuen Wan, Hong Kong, amounting to \$9.1 million. This was set off by losses from other associates, including Morganite Pte Ltd, developer of the Farrer Court site in Singapore, comprising mainly interest expense, as well as start up losses from two new resorts, Four Seasons Resort Seychelles and Hard Rock Hotel Penang which commenced business during the year.

For the year ended December 31, 2009, the Group recorded a fair value adjustment loss on investment properties of \$2.7 million compared to \$37.6 million last year. Group net profit attributable to shareholders increased by 7.2% from \$32.88 million for the year ended December 31, 2008 to \$35.24 million for the year ended December 31, 2009.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

The Asian economy is on the path of recovery, while uncertainty still looms in Europe and US, especially with their fiscal deficit issues.

In Singapore, private residential property prices increased by 7.4% in the last quarter of 2009. With improving economy and market sentiments, the demand for private residential properties, especially the luxury projects, is expected to pick up, although some uncertainties may occur as a result of the recent government measures to cool the property market. The Group is planning to launch the proposed condominium development at the former Beverly Mai site at Tomlinson Road this year. An associate of the Group will also have the proposed condominium development at the former Farrer Court site launch-ready during the year.

11. Dividend

(a) Current Financial Period Reported On

The Board of Directors has recommended a final one-tier tax-exempt cash dividend of 2 cents per ordinary share in respect of the current financial year reported on. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company declared a final one-tier tax exempt cash dividend of 1 cent per ordinary share in respect of the immediately preceding financial year.

(c) Date payable

Will be announced at a later date.

(d) Books closure date

Notice will be given at a later date of the date of closure of the transfer books and register of members.

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

Not applicable.

13. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2009

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	357,963	85,146	72		443,181
Inter-segment sales		309		(309)	-
Total revenue	357,963	85,455	72	(309)	443,181
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	49,313	39,289	2,462		91,064
Finance costs					(30,923)
Interest income					310
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(4,451)	(1,355)	56		(5,750)
Profit before fair value changes					54,701
Fair value changes in investment properties		(2,699)			(2,699)
Profit before income tax					52,002
Income tax expense					(14,777)
Minority interests					(1,984)
Profit attributable to shareholders					35,241

Year ended December 31, 2008

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	427,679	184,244	90		612,013
Inter-segment sales		346		(346)	-
Total revenue	427,679	184,590	90	(346)	612,013
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	88,435	49,283	(12,324)		125,394
Finance costs					(33,846)
Interest income					849
Share of results of associates and jointly controlled entities before fair value changes in investment properties	1,585	(1,857)	2,125		1,853
Profit before fair value changes					94,250
Fair value changes in investment properties		(37,593)			(37,593)
Profit before income tax					56,657
Income tax expense					(16,641)
Minority interests					(7,136)
Profit attributable to shareholders					32,880

14. Review of Performance by Business Segments

Please refer to item 8 above.

15. **Breakdown of Sales and Operating Profit**

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group	% increase/(decrease) Group
(a) Sales reported for first half year	222,769	287,749	(22.58)
(b) Operating profit after tax before deducting minority interests reported for first half year**	17,441	42,746	(59.20)
(c) Sales reported for second half year	220,412	324,264	(32.03)
(d) Operating profit after tax before deducting minority interests reported for second half year**	22,483	34,863	(35.51)

** excludes revaluation of investment properties.

16. **Breakdown of Total Annual Dividend**

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	10,095	5,045
Preference	-	-
Total:	10,095	5,045

17. **Interested Person Transactions ("IPT")**

Name of Interested Person	Aggregate value of all IPT during the financial year ended Dec 31, 2009 (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below \$100,000) \$'000
Associates* of Mr Ong Beng Seng / Mr David Fu Kuo Chen /		
- Rental income	13,370	-
- Management fee expense	342	-

Note:

* "Associate" in relation to a director, chief executive officer or controlling shareholder means

- his immediately 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.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
February 22, 2010