

**CIRCULAR DATED 19 MAY 2014**

**THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF HOTEL PROPERTIES LIMITED AND THE ADVICE OF CIMB BANK BERHAD, SINGAPORE BRANCH, THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

**This Circular is issued by Hotel Properties Limited (“Company” or “HPL”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**HOTEL PROPERTIES LIMITED**

(Company Reg. No. 198000348Z)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**MANDATORY CONDITIONAL CASH OFFER**

by

**STANDARD CHARTERED BANK**

for and on behalf of

**68 HOLDINGS PTE. LTD.**

(Company Reg. No. 201404238W)  
(Incorporated in the Republic of Singapore)

to acquire all the ordinary shares in the capital of the Company not already owned, controlled or agreed to be acquired by 68 Holdings Pte. Ltd.

*Independent Financial Adviser to the Independent Directors of Hotel Properties Limited*



**CIMB BANK BERHAD (13491-P)**

Singapore Branch  
(Incorporated in Malaysia)

**SHAREHOLDERS SHOULD NOTE THAT THE REVISED OFFER ANNOUNCEMENT (AS DEFINED HEREIN) STATES THAT THE OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 2 JUNE 2014 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.**

# CONTENTS

	Page
DEFINITIONS.....	2
CAUTIONARY NOTE .....	7
INDICATIVE TIMETABLE .....	8
LETTER TO SHAREHOLDERS .....	9
1. INTRODUCTION.....	9
2. THE OFFER.....	10
3. PROCEDURES FOR ACCEPTANCE OF THE OFFER.....	12
4. RATIONALE FOR THE OFFER .....	12
5. INFORMATION ON THE OFFEROR AND THE CONSORTIUM .....	13
6. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY .....	14
7. NO IRREVOCABLE UNDERTAKINGS .....	14
8. COMPULSORY ACQUISITION AND DELISTING.....	15
9. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS.....	16
10. RECOMMENDATION OF THE INDEPENDENT DIRECTORS.....	18
11. ACTION TO BE TAKEN BY SHAREHOLDERS .....	21
12. OVERSEAS JURISDICTIONS .....	21
13. INFORMATION PERTAINING TO CPFIS INVESTORS.....	22
14. DIRECTORS' RESPONSIBILITY STATEMENT .....	23
APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED.....	A1 - 1
APPENDIX 2: GENERAL INFORMATION .....	A2 - 1
APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014 .....	A3 - 1
APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013.....	A4 - 1
APPENDIX 5: REPORT DATED 12 MAY 2014 BY DELOITTE & TOUCHE LLP ON REVIEW OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014 .....	A5 - 1
APPENDIX 6: LETTER FROM THE IFA IN RELATION TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014.....	A6 - 1
APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY .....	A7 - 1
APPENDIX 8: EXTRACTS OF VALUATION REPORTS .....	A8 - 1

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## DEFINITIONS

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For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

<b>Articles</b>	:	The Articles of Association of the Company
<b>CIMB</b>	:	CIMB Bank Berhad, Singapore Branch
<b>Circular</b>	:	This circular to Shareholders dated 19 May 2014 from the Company containing, <i>inter alia</i> , the Recommendation and the advice of the IFA to the Independent Directors
<b>Closing Date</b>	:	5.30 p.m. (Singapore time) on 2 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day and time for the lodgement of acceptances of the Offer
<b>Code</b>	:	The Singapore Code on Take-overs and Mergers
<b>Companies Act</b>	:	The Companies Act, Chapter 50 of Singapore
<b>Company</b> or <b>HPL</b>	:	Hotel Properties Limited
<b>CPF</b>	:	The Central Provident Fund
<b>CPF Agent Banks</b>	:	Agent banks included under the CPFIS
<b>CPFIS</b>	:	The Central Provident Fund Investment Scheme
<b>CPFIS Investors</b>	:	Investors who have purchased HPL Shares using their CPF contributions pursuant to the CPFIS
<b>Cuscaden</b>	:	Cuscaden Partners Pte. Ltd.
<b>DB</b>	:	David Ban Song Long
<b>Despatch Date</b>	:	5 May 2014, being the date on which the Offer Document was despatched to Shareholders
<b>Directors</b>	:	The directors of the Company as at the Latest Practicable Date
<b>Distributions</b>	:	Dividends, rights and other distributions (if any)
<b>Excluded Documents</b>	:	(a) the IFA Letter; (b) review report by the Independent Auditor on the unaudited consolidated financial statements of the Group for the 3 months ended 31 March 2014 as set out in Appendix 5 to this Circular; (c) letter from the IFA in relation to the unaudited consolidated financial statements of the Group for the 3 months ended 31 March 2014 as set out in Appendix 6 to this Circular; and (d) the extracts of the valuation reports by the Independent Valuers as set out in Appendix 8 to this Circular
<b>FAA</b>	:	Form of Acceptance and Authorisation in respect of the Offer, applicable to Shareholders whose HPL Shares are deposited with CDP, which forms part of the Offer Document

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## DEFINITIONS

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<b>FAT</b>	:	Form of Acceptance and Transfer in respect of the Offer, applicable to Shareholders whose HPL Shares are registered in their own names in the Register and are not deposited with CDP, which forms part of the Offer Document
<b>FY2011</b>	:	Financial year ended 31 December 2011
<b>FY2012</b>	:	Financial year ended 31 December 2012
<b>FY2013</b>	:	Financial year ended 31 December 2013
<b>FY2013 Dividends</b>	:	The first and final one-tier tax exempt dividend of S\$0.04 per HPL Share and the special dividend of S\$0.04 per HPL Share declared for FY2013
<b>Forms</b>	:	FAA and FAT
<b>Group</b>	:	The Company and its subsidiaries
<b>HPL Awards</b>	:	Share awards under the HPL PSP
<b>HPL Options</b>	:	Share options granted under the Scheme 2000 and the Scheme 2010 to subscribe for new HPL Shares
<b>HPL Option Schemes</b>	:	Scheme 2000 and Scheme 2010
<b>HPL PSP</b>	:	Hotel Properties Limited Performance Share Plan which was approved and adopted by the Company on 28 April 2006
<b>HPL Shares</b>	:	The ordinary shares in the capital of the Company
<b>IFA</b>	:	CIMB Bank Berhad, Singapore Branch
<b>IFA Letter</b>	:	Letter dated 19 May 2014 from the IFA to the Independent Directors containing, <i>inter alia</i> , the advice of the IFA to the Independent Directors in respect of the Offer, as set out in Appendix 1 to this Circular
<b>Independent Auditor</b>	:	Deloitte & Touche LLP
<b>Independent Directors</b>	:	The Directors who are considered independent for the purpose of making the Recommendation, being Arthur Tan Keng Hock, Michael S. Dobbs-Higginson and Leslie Mah Kim Loong
<b>Independent Valuers</b>	:	<ul style="list-style-type: none"> <li>(a) Brooke Real Estate Limited;</li> <li>(b) CBRE – Valuation &amp; Advisory Services;</li> <li>(c) Cheston International (KL) Sdn Bhd;</li> <li>(d) Colliers International Consultancy &amp; Valuation (Singapore) Pte Ltd;</li> <li>(e) Cushman &amp; Wakefield, Inc.;</li> <li>(f) DTZ Debenham Tie Leung (SEA) Pte Ltd;</li> <li>(g) HVS – London Office;</li> </ul>

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## DEFINITIONS

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	(h)	Jones Lang LaSalle Property Consultants Pte Ltd;
	(i)	KJPP Willson dan Rekan in association with Knight Frank;
	(j)	Knight Frank Pte Ltd;
	(k)	Nexus Property Consultants Co., Ltd.;
	(l)	Penny Brothers Brokers & Valuers (Pty) Ltd;
	(m)	Rahim & Co Chartered Surveyors (NS) Sdn Bhd; and
	(n)	Savills Advisory Services Limited
<b><i>Latest Practicable Date</i></b>	:	14 May 2014, being the latest practicable date prior to the printing of this Circular
<b><i>Listing Manual</i></b>	:	The listing manual of the SGX-ST, as amended up to the Latest Practicable Date
<b><i>Market Day</i></b>	:	A day on which the SGX-ST is open for trading of securities
<b><i>Memorandum</i></b>	:	The Memorandum of Association of the Company
<b><i>Nassim Developments</i></b>	:	Nassim Developments Pte. Ltd.
<b><i>OBS</i></b>	:	Ong Beng Seng
<b><i>Offer</i></b>	:	The Original Offer as revised by the Revised Offer Announcement
<b><i>Offer Announcement</i></b>	:	The announcement of the Offer, released by SCB for and on behalf of the Offeror
<b><i>Offer Announcement Date</i></b>	:	14 April 2014, being the date of the Offer Announcement
<b><i>Offer Document</i></b>	:	The offer document dated 5 May 2014 and any other document(s) which may be issued by SCB, for and on behalf of the Offeror, to amend, revise, supplement or update the offer document from time to time
<b><i>Original Offer</i></b>	:	The mandatory conditional cash offer made by SCB, for and on behalf of the Offeror, to acquire all the Offer Shares, details of which are set out in the Offer Document
<b><i>Original Offer Price</i></b>	:	S\$3.50 in cash for each Offer Share
<b><i>Offer Shares</i></b>	:	Shall have the meaning ascribed to it in paragraphs 2.1 and 2.3 of the letter to Shareholders in this Circular
<b><i>Offeror</i></b>	:	68 Holdings Pte. Ltd.
<b><i>Overseas Shareholders</i></b>	:	Shareholders whose mailing addresses are outside Singapore as shown in the Register or as the case may be, in the records of CDP
<b><i>Recommendation</i></b>	:	Shall have the meaning ascribed to it in paragraph 1.4 of the letter to Shareholders in this Circular
<b><i>Register</i></b>	:	The register of Shareholders, as maintained by the Share Registrar

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## DEFINITIONS

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<b>Relevant Securities</b>	:	Shall have the meaning ascribed to it in paragraph 4.1 of Appendix 2 to this Circular
<b>Revalued Properties</b>	:	The properties listed as Revalued Properties under paragraph 7.3.2 of the IFA Letter
<b>Revised Offer Announcement</b>	:	Shall have the meaning ascribed to it in paragraph 1.3 of the letter to Shareholders in this Circular
<b>Revised Offer Notification</b>	:	Shall have the meaning ascribed to it in paragraph 1.3 of the letter to Shareholders in this Circular
<b>Revised Offer Price</b>	:	S\$4.00 in cash per Offer Share
<b>RM</b>	:	Malaysia Ringgit, being the lawful currency of Malaysia
<b>SCB</b>	:	Standard Chartered Bank
<b>Scheme 2000</b>	:	Hotel Properties Limited Share Option Scheme 2000 which was approved and adopted by the Company on 23 June 2000
<b>Scheme 2010</b>	:	Hotel Properties Limited Share Option Scheme 2010 which was approved and adopted by the Company on 29 April 2010
<b>SFA</b>	:	The Securities and Futures Act, Chapter 289 of Singapore
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>SGXNET</b>	:	The website of the SGX-ST at <a href="http://www.sgx.com">www.sgx.com</a>
<b>Share Registrar</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>Shareholders</b>	:	Holders of HPL Shares in issue (including Depositors whose HPL Shares are deposited with CDP or who have purchased HPL Shares on the SGX-ST)
<b>SIC</b>	:	The Securities Industry Council of Singapore
<b>subsidiary</b> or <b>subsidiaries</b>	:	Shall be construed in accordance with Sections 5 and 5B of the Companies Act
<b>S\$</b> and <b>cents</b>	:	Singapore Dollars and Cents, respectively, being the lawful currency of Singapore
<b>US\$</b> or <b>USD</b>	:	United States Dollars, being the lawful currency of the United States of America
<b>Wheelock Singapore</b>	:	Wheelock Properties (Singapore) Limited
<b>%</b> or <b>per cent.</b>	:	Percentage or per centum

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code. The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

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## DEFINITIONS

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Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual the SFA or any modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Code, the Listing Manual, the SFA or that modification thereof, as the case may be.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**Where information is extracted from the Offer Document and is reproduced in this Circular in *italics*, unless otherwise defined, all capitalised terms and expressions used in such reproduced extracts shall have the meaning ascribed to them in the Offer Document. In particular, references to the “Latest Practicable Date” in these extracts shall mean 28 April 2014, being the latest practicable date prior to the printing of the Offer Document.**

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## CAUTIONARY NOTE

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All statements contained in this Circular which are not statements of historical facts are or may constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “should”, “shall”, “could” and “can” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency.



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## INDICATIVE TIMETABLE

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The following are the indicative dates and times for the Offer:

Date of despatch of the Offer Document : 5 May 2014

Closing Date of the Offer : 5.30 p.m. (Singapore time) on 2 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror

Date of settlement of consideration for the Offer : (a) In respect of acceptances of the Offer received on or before the date on which the Offer becomes or is declared unconditional in accordance with its terms, within 10 days of such date; or

(b) In respect of acceptances of the Offer received after the date on which the Offer becomes or is declared unconditional in accordance with its terms, but before the Closing Date, within 10 days of such date

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## LETTER TO SHAREHOLDERS

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### HOTEL PROPERTIES LIMITED

(Company Reg. No. 198000348Z)  
(Incorporated in the Republic of Singapore)

#### Directors

Arthur Tan Keng Hock (Non-Executive Chairman and Independent Director)  
Ong Beng Seng (Managing Director)  
Christopher Lim Tien Lock (Group Executive Director)  
Michael S. Dobbs-Higginson (Non-Executive and Independent Director)  
Leslie Mah Kim Loong (Non-Executive and Independent Director)  
David Fu Kuo Chen (Non-Executive and Non-Independent Director)  
Stephen Lau Buong Lik (Executive Director)  
William Fu Wei Cheng (Non-Executive and Non-Independent Director)

#### Registered Office

50 Cuscaden Road  
#08-01 HPL House  
Singapore 249724

19 May 2014

To: The Shareholders of Hotel Properties Limited

Dear Sir/Madam

#### MANDATORY CONDITIONAL CASH OFFER BY SCB, FOR AND ON BEHALF OF THE OFFEROR FOR THE OFFER SHARES

##### 1. INTRODUCTION

###### 1.1 Offer Announcement

On 14 April 2014, SCB announced, for and on behalf of the Offeror, that the Offeror intends to make a mandatory conditional cash offer to acquire all the HPL Shares not already owned, controlled or agreed to be acquired by the Offeror, at the Original Offer Price.

A copy of the Offer Announcement is available on SGXNET.

###### 1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document despatched by the Offeror on 5 May 2014, setting out, *inter alia*, the terms and conditions of the Offer.

A copy of the Offer Document is available on SGXNET.

###### 1.3 Revised Offer Announcement

On 14 May 2014, SCB announced, for and on behalf of the Offeror, *inter alia*, the revision of the Original Offer Price to the Revised Offer Price (***Revised Offer Announcement***).

A copy of the Revised Offer Announcement is available on SGXNET.

According to the Revised Offer Announcement, a written notification (***Revised Offer Notification***) will be posted to all Shareholders in respect of the revised Offer.

**Shareholders are advised to read the terms and conditions set out in the Offer Document, the Revised Offer Announcement and the Revised Offer Notification carefully.**

###### 1.4 Independent Financial Adviser

The Company has appointed CIMB Bank Berhad, Singapore Branch as the independent financial adviser to advise the Independent Directors in respect of the Offer.

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## LETTER TO SHAREHOLDERS

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### 1.5 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Independent Directors (“**Recommendation**”) and the advice of the IFA to the Independent Directors in relation to the Offer.

Shareholders should read the Offer Document, the Revised Offer Announcement, the Revised Offer Notification, this Circular and the IFA Letter carefully and consider the Recommendation and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether or not to accept the Offer.

**If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

## 2. THE OFFER

### 2.1 Offer Terms

Based on the Offer Document, the Offeror is making the Offer to acquire all the HPL Shares (the “**Offer Shares**”) in accordance with Section 139 of the SFA, Rule 14.1(a) of the Code and subject to the terms and conditions set out in the Offer Document.

According to the Revised Offer Announcement, save as revised in that announcement, the terms of the Offer Document remain unchanged.

### 2.2 Revised Offer Price

The Offer is made on the following basis:

**For each Offer Share: S\$4.00 in cash**, being the Revised Offer Price.

### 2.3 Offer Shares

Based on the Offer Document, the Offer is also extended to:

- (a) any HPL Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror in connection with the Offer; and
- (b) all new HPL Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the Closing Date, of any HPL Options granted under the HPL Option Schemes.

For the purposes of the Offer and for the avoidance of doubt, the expression “**Offer Shares**” shall include all such HPL Shares.

### 2.4 No Encumbrances

According to the Offer Document, the Offer Shares will be acquired (i) fully paid; (ii) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including, but not limited to, the right to receive and retain all Distributions declared, paid or made by HPL on or after the Offer Announcement Date, including the FY2013 Dividends.

**However, as stated in the Revised Offer Announcement, the Offeror will NOT be deducting the FY2013 Dividends from the Revised Offer Price and Shareholders will retain the benefit of the FY2013 Dividends to be paid by the Company to entitled Shareholders.**

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## LETTER TO SHAREHOLDERS

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### 2.5 Adjustments for Distributions

The following is extracted from paragraph 2.4 of the Offer Document and reproduced in *italics* below.

*“If any Distribution is declared, paid or made by HPL on or after the Offer Announcement Date (including the FY2013 Dividends) and the Offeror is not entitled to receive and retain such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offeror will reduce the Offer Price payable in respect of such Offer Share by the amount of such Distribution (including the FY2013 Dividends).”*

*In particular, HPL has announced that only Shareholders on the Register as at 14 May 2014 will be entitled to the FY2013 Dividends, and, accordingly:*

- (i) if a Shareholder accepts the Offer before 14 May 2014 and the HPL Shares of such Shareholder are transferred to the Offeror on or before 5.00 p.m. on 14 May 2014, the Offeror will pay such Shareholder the full Offer Price of S\$3.50 in cash for each HPL Share. Such Shareholder will not receive the FY2013 Dividends in respect of such HPL Shares; and*
- (ii) if a Shareholder accepts the Offer before, on or after 14 May 2014 but the HPL Shares of such Shareholder have not been transferred to the Offeror on or before 5.00 p.m. on 14 May 2014, the Offeror will pay such Shareholder S\$3.42 in cash for each HPL Share. Such Shareholder will also receive the FY2013 Dividends in respect of such HPL Shares if such Shareholder were holding such HPL Shares as at 5.00 p.m. on 14 May 2014.”*

**However, as noted in paragraph 2.4 above, based on the Revised Offer Announcement, the Offeror will NOT be deducting the FY2013 Dividends from the Revised Offer Price and Shareholders will retain the benefit of the FY2013 Dividends to be paid by the Company to entitled Shareholders.**

**According to the Revised Offer Announcement, if any Distribution (other than the FY2013 Dividends) is declared, paid or made by HPL on or after the date of the Revised Offer Announcement and the Offeror is not entitled to receive and retain such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Revised Offer Price payable in respect of such Offer Share by the amount of such Distribution.**

### 2.6 Minimum Acceptance Condition

According to the Offer Document, the Offer will be subject to the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, together with the HPL Shares owned, controlled or agreed to be acquired by the Offeror or parties acting or deemed to be acting in concert with it, before or during the Offer, will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of HPL Shares carrying more than 50 per cent. of the voting rights attributable to all HPL Shares in issue as at the Closing Date (“**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of HPL Shares carrying more than 50 per cent. of the maximum potential issued share capital of HPL. For this purpose, the “**maximum potential issued share capital of HPL**” means the total number of HPL Shares which would be in issue if all HPL Shares under the HPL Options had been issued and/or delivered as at the date of such declaration.

The Offer is unconditional in all other respects.

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## LETTER TO SHAREHOLDERS

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### 2.7 Closing Date

According to the Offer Document, the Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

As stated in the Revised Offer Announcement, the Offer will be open for acceptances until 5.30 p.m. (Singapore time) on 2 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

**Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 2 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

### 2.8 Warranty

The following is extracted from paragraph 3 of the Offer Document and reproduced in *italics* below.

*“A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions declared, paid or made by HPL on or after the Offer Announcement Date, including the FY2013 Dividends.”*

### 2.9 No Options Offer

The following is extracted from paragraph 4 of the Offer Document and reproduced in *italics* below.

*“As at the Latest Practicable Date, based on the latest information available to the Offeror, HPL has granted HPL Options to subscribe for an aggregate of 4,420,000 new HPL Shares under the HPL Option Schemes. Under the rules of the HPL Option Schemes, the HPL Options are personal to the holders thereof and are non-assignable. Accordingly, in view of this restriction, the Offeror will not make an offer to acquire the HPL Options (although, for the avoidance of doubt, the Offer will be extended to all new HPL Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the Closing Date, of the HPL Options).”*

### 2.10 Further Details of the Offer

Further details of the Offer are set out in Appendix 1 to the Offer Document including details on (i) duration of the Offer; (ii) settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

## 3. PROCEDURES FOR ACCEPTANCE OF THE OFFER

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer.

## 4. RATIONALE FOR THE OFFER

The text stating the rationale for the Offer has been extracted from paragraph 9 of the Offer Document and is set out in *italics* below. Shareholders are advised to read the extract below carefully.

*“The Offeror is making the Offer in compliance with its obligation under Rule 14 of the Code, which arises as a result of its acquisition of the Sale Shares, representing approximately 41.46 per cent. of the HPL Shares in issue.”*

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## LETTER TO SHAREHOLDERS

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### 5. INFORMATION ON THE OFFEROR AND THE CONSORTIUM

#### 5.1 Information on the Offeror and its shareholding in HPL

The following information on the Offeror has been extracted from paragraph 7 of the Offer Document and reproduced in *italics* below.

*“The Offeror is a private limited company incorporated in Singapore on 14 February 2014 for the sole purpose of acquiring and holding all of the issued and outstanding HPL Shares. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$100.00 comprising 100 Offeror Shares, of which 60 Offeror Shares are held by Cuscaden and 40 Offeror Shares are held by Nassim Developments. Cuscaden is an investment holding company in which OBS has a 90 per cent. interest and DB has a 10 per cent. interest. Nassim Developments is an indirect wholly-owned subsidiary of Wheelock Singapore. The Directors are OBS, DB, Mr Damien Lim Chin Hwee, Mr Stephen Tin Hoi Ng and Ms Tan Bee Kim. Mr Stephen Tin Hoi Ng and Ms Tan Bee Kim are the nominees of Nassim Developments to the board of the Offeror and are the Chairman and Senior Executive Director of Wheelock Singapore, respectively.”*

The following information on the Offeror’s shareholding in HPL has been extracted from paragraph 13.2 of the Offer Document and reproduced in *italics* below.

*“As at the Latest Practicable Date, the Offeror holds in aggregate 214,073,130 HPL Shares, representing 41.48 per cent. of the issued HPL Shares and 41.13 per cent. of the maximum potential issued share capital of HPL.”*

The following information on the shareholdings in HPL of the Offeror and parties acting in concert with it has been extracted from the Revised Offer Announcement and reproduced in *italics* below.

*“As at 9.00 a.m. (Singapore time) on 14 May 2014, the Offeror and parties acting in concert with it own, control, acquired or have agreed to acquire an aggregate of 239,997,280 HPL Shares, representing approximately 46.39 per cent. of the issued share capital of HPL and 46.11 per cent. of the maximum potential issued share capital of HPL.*

*This excludes valid acceptances of 691,950 HPL Shares received pursuant to the Offer, approximately 0.13 per cent. of the issued share capital of HPL and 0.13 per cent. of the maximum potential issued share capital of HPL.”*

The Offeror has subsequently announced that as at 5.00 p.m. (Singapore time) on 14 May 2014, the Offeror and parties acting in concert with it own, control, acquired or have agreed to acquire an aggregate of 240,391,280 HPL Shares, representing 46.47 per cent. of the issued share capital of HPL and 46.18 per cent. of the maximum potential issued share capital of HPL.

Additional information on the Offeror is set out in Appendix 3 to the Offer Document.

#### 5.2 Consortium

The following is extracted from paragraph 13 of the Offer Document and reproduced *italics* below.

*“13.1 Consortium. In connection with the Offer, Cuscaden and Nassim Developments (collectively, the “Consortium Parties”) have formed a consortium (the “Consortium”) and have on 14 April 2014 entered into an investors’ agreement (the “Investors’ Agreement”) with the Offeror setting out the terms of the Consortium, including the following:*

- (i) each of Cuscaden and Nassim Developments has agreed to make the Shareholder Loans to the Offeror;*
- (ii) the Offeror will utilise the Shareholder Loans to pay for the Sale Shares;*



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## LETTER TO SHAREHOLDERS

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- (iii) *the Consortium Parties shall be entitled to appoint a specified number of representatives to the board of the Offeror;*
- (iv) *subject to certain conditions, the proposed transfer of Offeror Shares by either of the Consortium Parties is subject to pre-emptive and tag-along rights;*
- (v) *on or after the fifth anniversary of the Closing Date (or such other date to be agreed between the Consortium Parties), following the settlement of all liabilities of the Offeror (if any), each Consortium Party shall have the right to require the Offeror to effect a distribution in specie of all its assets to its shareholders on a pro-rata basis;*
- (vi) *Nassim Developments shall have an option to require Cuscaden to acquire all its Offeror Shares, such option only being exercisable in the event that Cuscaden, the Offeror and/or parties acting in concert with it (other than Nassim Developments and/or its affiliates, but excluding the Offeror) elects to make a subsequent offer to acquire any remaining HPL Shares;*
- (vii) *Cuscaden shall also have an option to require Nassim Developments to acquire all its Offeror Shares, such option only being exercisable in the event that Nassim Developments and/or parties acting in concert with it (other than the Offeror, Cuscaden and/or its affiliates) elects to make a subsequent offer to acquire any remaining HPL Shares;*
- (viii) *the Consortium Parties have agreed upon a list of reserved matters ("**Reserved Matters**") which shall not be undertaken except with the unanimous approval of the Consortium Parties; and*
- (ix) *in the event that the Consortium Parties, acting reasonably and in good faith, are not able to agree on any Reserved Matter within the requisite timeframe, a deadlock would have occurred and each of the Consortium Parties shall have the right to require the Offeror to effect, following the settlement of all liabilities of the Offeror (if any), a distribution in specie of all its assets to its shareholders on a pro-rata basis."*

### 6. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The text stating the Offeror's future plans for the Company has been extracted from paragraph 10.1 of the Offer Document and reproduced in *italics* below.

*"The Offeror intends for HPL to continue its existing business activities and there are at present no plans to (i) introduce any major changes to the business of HPL; (ii) re-deploy any of the fixed assets of HPL; or (iii) discontinue the employment of any of the existing employees of HPL and/or its subsidiaries, other than in the ordinary course of business.*

*However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to HPL which may present themselves and which it may regard to be in the best interests of the Offeror and the Shareholders."*

**Shareholders are advised to read paragraph 10.1 of the Offer Document carefully and note the Offeror's future plans for the Company.**

### 7. NO IRREVOCABLE UNDERTAKINGS

The following is extracted from paragraph 14.3 of the Offer Document and reproduced in *italics* below.

*"None of the Offeror or persons acting or deemed to be acting in concert with the Offeror has received any irrevocable undertaking from any party to accept the Offer as at the Latest Practicable Date."*

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## LETTER TO SHAREHOLDERS

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### 8. COMPULSORY ACQUISITION AND DELISTING

The text stating the Offeror's intentions relating to the compulsory acquisition and delisting of the Company has been extracted from paragraphs 10.2 to 10.4 of the Offer Document and reproduced in *italics* below.

***“10.2 Compulsory Acquisition Rights.*** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer, or acquires HPL Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of the HPL Shares in issue as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all HPL Shares held by Shareholders who have not accepted the Offer (the ***“Dissenting Shareholders”***).

***In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act, the Offeror reserves its right to compulsorily acquire all the HPL Shares not acquired under the Offer.***

***10.3 Dissenting Shareholders' Rights.*** In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of HPL Shares which, together with the HPL Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the total number of issued HPL Shares, the Dissenting Shareholders have the right to require the Offeror to acquire their HPL Shares at the Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

***10.4 Listing Status of HPL.*** Pursuant to Rule 723 of the Listing Manual, HPL must ensure that at least 10 per cent. of the total number of issued HPL Shares (excluding treasury shares) is at all times held by the public (the ***“Free Float Requirement”***). Pursuant to Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting or deemed to be acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the total number of issued HPL Shares (excluding treasury shares), the SGX-ST may suspend the trading of the HPL Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of issued HPL Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.

In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, HPL must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the HPL Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow HPL a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the HPL Shares held by members of the public to be raised to at least 10 per cent., failing which HPL may be delisted from the SGX-ST.

***It is the current intention of the Offeror to retain the listing of HPL on the Mainboard of the SGX-ST.*** However, in the event that HPL does not meet the Free Float Requirement at the Closing Date and the SGX-ST suspends trading in the HPL Shares, the Offeror will assess the options available at that time. Accordingly, the Offeror reserves the right not to take steps to preserve the listing status of HPL on the Mainboard of the SGX-ST if the Free Float Requirement is not satisfied.”



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## LETTER TO SHAREHOLDERS

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### 9. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS

#### 9.1 IFA

Shareholders should read and consider carefully the advice of the IFA to the Independent Directors on the Offer as contained in the IFA Letter and the Recommendation before deciding on whether to accept or reject the Offer. The IFA Letter is reproduced in Appendix 1 to this Circular.

#### 9.2 Evaluation of the Offer by the IFA

The summary of the IFA's analysis of its evaluation and assessment of the financial terms of the Offer has been extracted from section 8 of the IFA Letter and is reproduced in *italics* below. Unless otherwise defined or the context otherwise requires, all capitalised terms in the extract below shall have the same meaning as defined in the IFA Letter.

#### **"8. SUMMARY OF ANALYSIS**

*In arriving at our advice to the Independent Directors on the Offer, we have considered, inter alia, the following factors which should be read in the context of the full text of this letter:*

- (i) The Group's recent historical financial performance;*
- (ii) During the 3-year period leading up to the Offer Announcement Date, trading in the HPL Shares occurred on approximately 98.5% of all market days;*
- (iii) The average daily trading volume has generally declined in recent years from a 3-year average daily trading volume of 229,526 HPL Shares, representing approximately 0.17% of the Company's free float, to a volume of about 97,429 HPL Shares over the more recent 1-month period prior to the Offer Announcement Date, representing approximately 0.07% of the Company's free float;*
- (iv) For the 3-year period leading up to the Offer Announcement Date, the HPL Shares generally traded on an upward trend, from a VWAP of S\$2.648 for the 3-year period prior to the Offer Announcement Date to S\$3.027 for the 1-month period prior to the Offer Announcement Date, but have not traded at or above the Revised Offer Price in the 3-year period leading up to the Offer Announcement Date;*
- (v) Over the more recent 1-year period, the Revised Offer Price represents a premia of approximately 26.38% to 33.42% to the VWAP range of S\$2.998 to S\$3.165 per HPL Share for the 1-month, 3-month, 6-month and 1-year periods prior to the Offer Announcement Date, and a premium of approximately 27.80% over the closing price of the HPL Shares of S\$3.130 on 11 April 2014, the last traded market day prior to the Offer Announcement Date;*
- (vi) The Revised Offer Price represents a premium of 4.17% over the last traded price of S\$3.840, prior to the Revised Offer Announcement on the Latest Practicable Date;*
- (vii) The general performance of the FSSTI and the FSTREH since 14 April 2011;*
- (viii) The Revised Offer Price represents a premium of approximately 29.6% to the Adjusted NAV per HPL Share of S\$3.09 as at 31 March 2014;*
- (ix) The Revised Offer Price represents a discount of approximately 20.3% to the RNAV per Share of S\$5.02 as at 31 March 2014 on an as-is valuation basis and a discount of approximately 23.7% to the RNAV per Share of S\$5.24 as at 31 March 2014 on a GDV Valuation Basis;*

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## LETTER TO SHAREHOLDERS

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- (x) *Over the 3-year period prior to the Offer Announcement Date, the HPL Shares have traded from a discount of 38.52% to a premium of 19.97% to the trailing NAV per HPL Share;*
- (xi) *The premium implied by the Revised Offer Price to the Adjusted Announced NAV per HPL Share as at 31 March 2014 of approximately 27.58% is higher than the highest average premia to NAV per HPL Share for the 1, 3, 6, 12, 24 and 36-month periods prior to the Offer Announcement Date;*
- (xii) *The P/RNAV (both on an as-is valuation basis and GDV Valuation Basis), P/NAV, and EV/EBITDA multiples of the Company implied by the Revised Offer Price is above the range of the multiples of the Comparable Companies;*
- (xiii) *The P/E multiple of the Company implied by the Revised Offer Price is within the range of the multiples of the Comparable Companies and above the corresponding mean and median multiples of the Comparable Companies;*
- (xiv) *The market price premia implied by the Revised Offer Price is between the corresponding mean and median premia of the last transacted price and 1-month VWAP of the Comparable Precedent Transactions and higher than the mean and median premia of the 3-month VWAP of the Comparable Precedent Transactions;*
- (xv) *The P/NAV and P/RNAV (both on an as-is valuation basis and GDV Valuation Basis) multiples of the Company implied by the Revised Offer Price are higher than the corresponding mean and median multiples of the Comparable Precedent Transactions;*
- (xvi) *The market price premia implied by the Revised Offer Price is higher than the corresponding mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Precedent Takeovers;*
- (xvii) *The Company has a consistent record of paying dividends. The net dividend yield of the HPL Shares implied by the Revised Offer Price is lower than the range of the dividend yields of Comparable Companies (save for OUE) that have paid out dividends for their respective last financial year and lower than the dividend yield of the STI ETF and the mean and median dividend yields of the Comparable Companies;*
- (xviii) *The rationale for the Offer and intention of the Offeror in relation to the listing status of HPL;*
- (xix) *The Offer does not change the management control of the Company and as at the Latest Practicable Date, as the Offer has not become or been declared to be unconditional as to acceptances, the Offeror does not have statutory control of the Company; and*
- (xx) *The Offeror does not intend to make major changes to the Group's business.*

***Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Revised Offer Price is on balance, fair and reasonable under current prevailing market, economic, industry, monetary and other relevant conditions."***

**Shareholders should read and consider carefully the factors taken into consideration by the IFA in arriving at its advice, and in conjunction with, and in the context of the full text of the IFA Letter.**

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## LETTER TO SHAREHOLDERS

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### 9.3 Advice of the IFA to the Independent Directors on the Offer

The advice of the IFA to the Independent Directors is set out in section 9 of the IFA Letter and has been extracted and reproduced in *italics* below. It should be considered and read in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all capitalised terms in the extract below shall have the same meaning as defined in the IFA Letter.

#### **“9. CIMB’S ADVICE ON THE OFFER**

*After carefully considering all available information and based on our assessment of the financial terms of the Offer, we advise the Independent Directors to make the following recommendations to Shareholders in relation to the Offer:*

*Shareholders who wish to take this opportunity to realise their investments in the Company in the near term and/or who are not prepared to accept the uncertainties facing the future prospects of the Company may wish to ACCEPT the Offer or sell their HPL Shares in the open market if they can obtain a price higher than the Revised Offer Price (after deducting all related expenses). Shareholders should be aware that as at the Latest Practicable Date, the Offer remains subject to the Acceptance Condition and there is currently no certainty that the Offer will become unconditional.*

*Shareholders who are confident and optimistic about their equity investments in the Company and the prospects of the Company under the control of the Offeror may wish to REJECT the Offer. Shareholders who do not wish to accept the Offer should be aware that they will be subject to the general risks associated with share investments, including but not limited to fluctuations in the price and trading liquidity of the HPL Shares. Shareholders should also note that in the 3-year period leading up to the Offer Announcement Date, the HPL Shares have not traded at or above the Revised Offer Price and it is likely that the market price of the HPL Shares as at the Latest Practicable Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer.*

*We would advise the Independent Directors to caution the Shareholders that they should not rely on our advice to the Independent Directors as the sole basis for deciding whether or not to accept the Offer.*

*In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.”*

### 10. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

#### 10.1 Exemptions in relation to Directors’ Recommendation

In view of the matters referred to in sub-paragraphs (a) to (e) below, an application was made to the SIC for OBS, David Fu Kuo Chen, William Fu Wei Cheng, Christopher Lim Tien Lock and Stephen Lau Buong Lik (collectively, the “**Excluded Directors**”) to be exempted from joining in making the Recommendation.

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## LETTER TO SHAREHOLDERS

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(a) Ong Beng Seng

OBS is the Managing Director as well as a substantial shareholder of the Company.

Based on the Offer Document, the Offeror is a company in which Cuscaden has a 60% interest. OBS has a 90% interest in Cuscaden. According to the Offer Document, Cuscaden together with Nassim Developments have formed a consortium and have entered into an investors' agreement (certain terms of which are set out in paragraph 13.1 of the Offer Document) with the Offeror setting out the terms of that consortium. OBS is also a director of the Offeror.

OBS is therefore directly involved and interested in the Offer. As such, OBS considers that he would have an irreconcilable conflict of interest if he were to join in making the Recommendation.

(b) David Fu Kuo Chen

David Fu Kuo Chen is a non-executive director of the Company. David Fu Kuo Chen is also the brother-in-law of OBS (brother of OBS' wife, Mrs Christina Ong). He has been on the Board of Directors of the Company since August 2005.

In addition, David Fu Kuo Chen and OBS currently have common shareholdings and directorships in the Kuo group of companies and the Avant group of companies. They are also currently engaged in residential development projects in London through Anchorage View Pte Ltd, in which they each have a 50% interest.

Having regard to the close family ties and the numerous common business associations between David Fu Kuo Chen and OBS and investment participations David Fu Kuo Chen had made with or alongside OBS, David Fu Kuo Chen considers that he would have an irreconcilable conflict of interest if he were to join in making the Recommendation.

(c) William Fu Wei Cheng

William Fu Wei Cheng is a non-executive director of the Company. He has been on the Board of Directors of the Company since November 2009. William Fu Wei Cheng is also the cousin-in-law of OBS, being the cousin of Mrs Christina Ong.

William Fu Wei Cheng has held the position of Group Financial Controller in Kuo Investments Limited since May 1983, a company in which OBS has a 40% shareholding interest. In addition, William Fu Wei Cheng and OBS are common directors in the following companies: Kuo Investments Limited, Kuo International Oil Inc, Como Holdings Inc, Rizona (Hong Kong) Ltd, Avant Hotels International Ltd and Sextant Investments Ltd.

Having regard to the close family ties between William Fu Wei Cheng and OBS and close business associations between William Fu Wei Cheng and OBS dating back over 30 years, William Fu Wei Cheng considers that he would have an irreconcilable conflict of interest if he were to join in making the Recommendation.

(d) Christopher Lim Tien Lock

Christopher Lim Tien Lock is an executive director of the Company. He joined the Company in April 1989 as director of the business development division of the Company and is now the Group Executive Director of HPL. He is responsible for the overall management of the Group. Christopher Lim Tien Lock acted as the alternate director to OBS on the Board of Directors of the Company from August 1995 until January 1998, when he resigned as alternate director and was appointed as an executive director of the Company. He has developed a close and longstanding professional and personal relationship with OBS and customarily consults closely with and takes advice from OBS on commercial and operational matters and policies relating to the overall management of the Company and the Group.

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## LETTER TO SHAREHOLDERS

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Having regard to the 25 years of close professional and personal relationship Christopher Lim Tien Lock has with OBS, Christopher Lim Tien Lock considers that he would have an irreconcilable conflict of interest if he were to join in making the Recommendation.

(e) Stephen Lau Buong Lik

Stephen Lau Buong Lik is an executive director of the Company. Stephen Lau Buong Lik joined the Company in July 1990 and was appointed to the Board of Directors of the Company in May 2008. He is currently Head of the Hotel Division of the Company and previously headed positions in the Retail and Leisure Divisions of the Company. Over the years, he has developed a close and longstanding professional and personal relationship with OBS and customarily consults closely with and takes advice from OBS on operational matters and policies relating to the Hotel Division of the Company.

Having regard to nearly 24 years of close professional and personal relationship Stephen Lau Buong Lik has with OBS, Stephen Lau Buong Lik considers that he would have an irreconcilable conflict of interest if he were to join in making the Recommendation.

The SIC, in its letter dated 8 May 2014, confirmed that the Excluded Directors are exempted from joining in making the Recommendation. The Excluded Directors must, nonetheless, still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

### 10.2 Independent Directors' Recommendation

The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by the IFA in the IFA Letter, concur with the advice of the IFA in respect of the Offer and accordingly, recommend as follows:

- (a) Shareholders who wish to take this opportunity to realise their investments in the Company in the near term and/or who are not prepared to accept the uncertainties facing the future prospects of the Company may wish to **ACCEPT** the Offer or sell their HPL Shares in the open market if they can obtain a price higher than the Revised Offer Price (after deducting all related expenses). Shareholders should be aware that as at the Latest Practicable Date, the Offer remains subject to the Acceptance Condition and there is currently no certainty that the Offer will become unconditional.
- (b) Shareholders who are confident and optimistic about their equity investments in the Company and the prospects of the Company under the control of the Offeror may wish to **REJECT** the Offer. Shareholders who do not wish to accept the Offer should be aware that they will be subject to the general risks associated with share investments, including but not limited to fluctuations in the price and trading liquidity of the HPL Shares. Shareholders should also note that in the 3-year period leading up to the Offer Announcement Date, the HPL Shares have not traded at or above the Revised Offer Price and it is likely that the market price of the HPL Shares as at the Latest Practicable Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer.

**SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX 1 TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE IFA'S ADVICE SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER.**

In making their recommendation, the IFA and the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position, or particular needs and constraints of any individual Shareholder. **As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**



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## LETTER TO SHAREHOLDERS

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### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 11.1 Shareholders who WISH TO ACCEPT the Offer

Shareholders who wish to accept the Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date and should refer to the “Procedures for Acceptance” set out in Appendix 2 to the Offer Document.

#### 11.2 Shareholders who DO NOT WISH TO ACCEPT the Offer

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document and the Forms which have been sent to them.

### 12. OVERSEAS JURISDICTIONS

#### 12.1 Overseas Shareholders

The following is extracted from paragraph 15.1 of the Offer Document and reproduced in *italics* below.

*“This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction. The availability of the Offer to Shareholders whose mailing addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (“Overseas Shareholders”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document and the FAA and/or the FAT (the “Relevant Acceptance Forms”) have not been, or will not be, sent.”*

#### 12.2 Overseas Jurisdiction

The following is extracted from paragraph 15.2 of the Offer Document and reproduced in *italics* below.

*“It is the responsibility of an Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents, or (ii) accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including SCB and CDP) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or requisite payments that may be required to be paid.*

***If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.”***

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## LETTER TO SHAREHOLDERS

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### 12.3 Copies of the Offer Document

The following is extracted from paragraph 15.3 of the Offer Document and reproduced in *italics* below.

*“Shareholders (including Overseas Shareholders) may obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours up to the Closing Date from the Registrar (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or from CDP (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Registrar (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or to CDP (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.”*

### 12.4 Notice

The following is extracted from paragraph 15.4 of the Offer Document and reproduced in *italics* below.

*“The Offeror and SCB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders and Overseas Shareholders by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder or Overseas Shareholder to receive or see such announcement or advertisement.”*

### 12.5 Copies of this Circular

Potential restrictions in sending this Circular and any related documents to overseas jurisdictions could result in such documents not being sent to an Overseas Shareholder. Copies of this Circular may however be obtained during normal business hours and up to the Closing Date from the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write to the Share Registrar at the aforementioned address to request for the Circular and any related documents to be sent to an address in Singapore by ordinary post at his own risk (the last date for despatch in respect of such request shall be a date falling 3 Market Days prior to the Closing Date).

## 13. INFORMATION PERTAINING TO CPFIS INVESTORS

The following is extracted from paragraph 16 of the Offer Document and reproduced in *italics* below.

*“CPFIS Investors should receive further information on how to accept the Offer from their CPF Agent Banks shortly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.*

*CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.”*

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## LETTER TO SHAREHOLDERS

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### 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than in the Excluded Documents and the Recommendation) are fair and accurate and that there are no other material facts the omission of which would make any such statement misleading. The Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

The Recommendation set out in paragraph 10 of this letter to Shareholders is the sole responsibility of the Independent Directors.

Where any information has been extracted or reproduced from the Offer Document or from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

Yours faithfully  
For and on behalf of  
The Board of Directors of  
**HOTEL PROPERTIES LIMITED**

Arthur Tan Keng Hock  
Chairman



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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

#### **CIMB BANK BERHAD** (13491-P)

Singapore Branch  
(Incorporated in Malaysia)

50 Raffles Place #09-01  
Singapore Land Tower  
Singapore 048623

19 May 2014

To: **The Independent Directors**  
**Hotel Properties Limited**  
50 Cuscaden Road  
#08-01 HPL House  
Singapore 249724

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFER FOR ALL THE ORDINARY SHARES IN THE CAPITAL OF HOTEL PROPERTIES LIMITED NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY 68 HOLDINGS PTE. LTD.**

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#### **1. INTRODUCTION**

On 14 April 2014 (the “**Offer Announcement Date**”), Standard Chartered Bank (“**SCB**”) announced, for and on behalf of 68 Holdings Pte. Ltd. (the “**Offeror**”), that:

- (i) the Offeror had on the same day agreed to purchase an aggregate of 213,980,130 ordinary shares in the capital of the Company (the “**HPL Shares**”) (the “**Sale Shares**”), representing approximately 41.46 per cent. of the HPL Shares in issue, at S\$3.50 for each Sale Share from the following persons:
  - (a) 3,300,000 HPL Shares representing approximately 0.64 per cent. of the HPL Shares in issue from OBS and 90,866,780 HPL Shares representing approximately 17.61 per cent. of the HPL Shares in issue from Reef Holdings Pte. Ltd. and Como Holdings Inc., being companies controlled by OBS;
  - (b) 1,650,000 HPL Shares, representing approximately 0.32 per cent. of the HPL Shares in issue, from Ms Fu Christina (Mrs Christina Ong), the spouse of OBS;
  - (c) 102,948,000 HPL Shares, representing approximately 19.95 per cent. of the HPL Shares in issue, from Nassim Developments;
  - (d) 14,809,800 HPL Shares, representing approximately 2.87 per cent. of the HPL Shares in issue, from DB; and
  - (e) 405,550 HPL Shares, representing approximately 0.08 per cent. of the HPL Shares in issue, from Ms Tan Quee Heong (Mrs Pat Ban), the spouse of DB; and

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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- (ii) in accordance with Rule 14.1(a) of the Code, the Offeror is making a mandatory conditional cash offer for all the HPL Shares not already owned, controlled or agreed to be acquired by the Offeror, at the Original Offer Price.

On 14 May 2014, SCB announced, for and on behalf of the Offeror, that the Offeror has on 14 May 2014 agreed to acquire 17,109,000 HPL Shares, representing approximately 3.31 per cent. of the HPL Shares, at the price of S\$4.00 for each HPL Share. In accordance with Rule 14.3 of the Code, the Offer Price has been revised to S\$4.00 in cash (the **"Revised Offer Price"**) for each Offer Share (**"Revised Offer Announcement"**).

In connection with the Offer, CIMB Bank Berhad, Singapore Branch (**"CIMB"**) has been appointed as the independent financial adviser to advise the directors of the Company who are considered independent for the purpose of making the recommendation to the Shareholders (the **"Independent Directors"**).

This letter sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon. It forms part of the circular to Shareholders dated 19 May 2014 issued by the Company setting out, *inter alia*, details of the Offer and the recommendations of the Independent Directors in respect thereof (the **"Circular"**).

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular, the offer document issued by SCB for and on behalf of the Offeror dated 5 May 2014 (the **"Offer Document"**) and/or the Revised Offer Announcement, shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

**To ensure that the advice we wish to put forth by means of this letter is comprehensive and yet remains concise, details contained in the Circular, the Offer Document and/or the Revised Offer Announcement, where necessary or relevant in supporting or elaborating our advice, are not wholly reproduced, but instead, made reference to or summarised throughout the sections of this letter.**

**We recommend that the Independent Directors advise the Shareholders to read these contextual references and summaries with due care.**

### 2. TERMS OF REFERENCE

We have been appointed to advise on the financial terms of the Offer and whether Shareholders should accept or reject the Offer, pursuant to Rules 7.1 and 24.1(b) of the Singapore Code on Take-overs and Mergers (the **"Code"**). We have confined our evaluation to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Offer or the future prospects of the Company and its subsidiaries (the **"Group"**) or any of its associated or joint venture companies and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and/or the management of the Company (the **"Management"**) or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested, and we do not express any opinion on the relative merits of the Offer as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the HPL Shares.

We have held discussions with the Directors and the Management and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the Management and the Company's other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Group, its associated or joint venture companies and the Offer have been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real property) of the Group or of any of its associated or joint venture companies. We have not been furnished with any such evaluation or appraisal, except for the reports, letters and/or valuation certifications (“**Valuation Reports**”) from the valuers appointed by the Company in connection with the Offer (the “**Independent Valuers**”) (extracts of which are set out in Appendix 8 of the Circular) on which we have placed sole reliance in the evaluation or appraisal of the assets concerned. We have not made any independent verification of the contents of these Valuation Reports.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at 14 May 2014 (the “**Latest Practicable Date**”), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Offer which may be released or published by or on behalf of the Company and/or the Offeror after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised in relation to the preparation of the Circular (other than this letter). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this letter).

### 3. THE OFFER

As set out in Section 2 of the Circular, *inter alia*, the key terms and conditions of the Offer are as follows:

#### 3.1 Offer Terms. Based on the Offer Document, the Offeror is making the Offer to acquire all the HPL Shares (the “**Offer Shares**”), in accordance with Section 139 of the SFA, Rule 14.1(a) of the Code and subject to the terms and conditions set out in the Offer Document.

According to the Revised Offer Announcement, save as revised in that announcement, the terms of the Offer Document remain unchanged.

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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**3.2 Revised Offer Price.** The Offer is made on the following basis:

**For each Offer Share: S\$4.00 in cash,** being the Revised Offer Price.

**3.3 Offer Shares.** Based on the Offer Document, the Offer is also extended to:

- (i) any HPL Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror in connection with the Offer; and
- (ii) all new HPL Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the Closing Date, of any HPL Options granted under the HPL Option Schemes.

For the purposes of the Offer and for the avoidance of doubt, the expression “**Offer Shares**” shall include all such HPL Shares.

**3.4 No Encumbrances.** According to the Offer Document, the Offer Shares will be acquired (i) fully paid; (ii) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including, but not limited to, the right to receive and retain all Distributions declared, paid or made by HPL on or after the Offer Announcement Date, including the FY2013 Dividends.

**However, as stated in the Revised Offer Announcement, the Offeror will NOT be deducting the FY2013 Dividends from the Revised Offer Price and Shareholders will retain the benefit of the FY2013 Dividends to be paid by the Company to entitled Shareholders.**

**3.5 Adjustments for Distributions.** The following is extracted from paragraph 2.4 of the Offer Document and reproduced in *italics* below.

*“If any Distribution is declared, paid or made by HPL on or after the Offer Announcement Date (including the FY2013 Dividends) and the Offeror is not entitled to receive and retain such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offeror will reduce the Offer Price payable in respect of such Offer Share by the amount of such Distribution (including the FY2013 Dividends).”*

*In particular, HPL has announced that only Shareholders on the Register as at 14 May 2014 will be entitled to the FY2013 Dividends, and, accordingly:*

- (i) if a Shareholder accepts the Offer before 14 May 2014 and the HPL Shares of such Shareholder are transferred to the Offeror on or before 5.00 p.m. on 14 May 2014, the Offeror will pay such Shareholder the full Offer Price of S\$3.50 in cash for each HPL Share. Such Shareholder will not receive the FY2013 Dividends in respect of such HPL Shares; and*
- (ii) if a Shareholder accepts the Offer before, on or after 14 May 2014 but the HPL Shares of such Shareholder have not been transferred to the Offeror on or before 5.00 p.m. on 14 May 2014, the Offeror will pay such Shareholder S\$3.42 in cash for each HPL Share. Such Shareholder will also receive the FY2013 Dividends in respect of such HPL Shares if such Shareholder were holding such HPL Shares as at 5.00 p.m. on 14 May 2014.”*

**However, as noted in paragraph 3.4 above, based on the Revised Offer Announcement, the Offeror will NOT be deducting the FY2013 Dividends from the Revised Offer Price and Shareholders will retain the benefit of the FY2013 Dividends to be paid by the Company to entitled Shareholders.**

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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According to the Revised Offer Announcement, if any Distribution (other than the FY2013 Dividends) is declared, paid or made by HPL on or after the date of the Revised Offer Announcement and the Offeror is not entitled to receive and retain such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Revised Offer Price payable in respect of such Offer Share by the amount of such Distribution.

- 3.6 Minimum Acceptance Condition.** According to the Offer Document, the Offer will be subject to the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, together with the HPL Shares owned, controlled or agreed to be acquired by the Offeror or parties acting or deemed to be acting in concert with it, before or during the Offer, will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of HPL Shares carrying more than 50 per cent. of the voting rights attributable to all HPL Shares in issue as at the Closing Date ("**Acceptance Condition**").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of HPL Shares carrying more than 50 per cent. of the maximum potential issued share capital of HPL. For this purpose, the "**maximum potential issued share capital of HPL**" means the total number of HPL Shares which would be in issue if all HPL Shares under the HPL Options had been issued and/or delivered as at the date of such declaration.

The Offer is unconditional in all other respects.

- 3.7 Closing Date.** According to the Offer Document, the Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

As stated in the Revised Offer Announcement, the Offer will be open for acceptances until 5.30 p.m. (Singapore time) on 2 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

**Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 2 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

- 3.8 Warranty.** The following is extracted from paragraph 3 of the Offer Document and reproduced in *italics* below.

*"A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions declared, paid or made by HPL on or after the Offer Announcement Date, including the FY2013 Dividends."*

- 3.9 No Options Offer.** The following is extracted from paragraph 4 of the Offer Document and reproduced in *italics* below.

*"As at the Latest Practicable Date, based on the latest information available to the Offeror, HPL has granted HPL Options to subscribe for an aggregate of 4,420,000 new HPL Shares under the HPL Option Schemes. Under the rules of the HPL Option Schemes, the HPL Options are personal to the holders thereof and are non-assignable. Accordingly, in view of this restriction, the Offeror*

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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*will not make an offer to acquire the HPL Options (although, for the avoidance of doubt, the Offer will be extended to all new HPL Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the Closing Date, of the HPL Options)."*

As at the Latest Practicable Date, the Company has 3,170,000 HPL Options outstanding under the HPL Option Schemes.

### 4. RATIONALE FOR THE OFFER

The text stating the rationale for the Offer has been extracted from paragraph 9 of the Offer Document and is set out in *italics* below. Shareholders are advised to read the extract below carefully.

*"The Offeror is making the Offer in compliance with its obligation under Rule 14 of the Code, which arises as a result of its acquisition of the Sale Shares, representing approximately 41.46 per cent. of the HPL Shares in issue."*

### 5. INFORMATION ON THE OFFEROR AND THE CONSORTIUM

Please refer to Section 5 of the Circular for information on the Offeror and the Consortium.

### 6. INFORMATION ON THE COMPANY

Please refer to Appendix 2 to the Circular for information on the Company.

### 7. FINANCIAL EVALUATION OF THE TERMS OF THE OFFER

#### **Methodology**

In assessing the financial terms of the Offer, we have considered the following:

- (i) Historical financial performance and position of the Group;
- (ii) Historical trading performance of the HPL Shares;
- (iii) Net asset value ("**NAV**") and revalued net asset value ("**RNAV**") of the Group;
- (iv) Historical trailing NAV of the Group relative to the Revised Offer Price and the historical market price of the HPL Shares;
- (v) The benchmarking comparison of the Revised Offer Price with public information available on the traded prices of companies listed on the SGX-ST which are broadly comparable to the Group (the "**Comparable Companies**");
- (vi) Valuation multiples of selected acquisitions of listed property-related companies in Singapore ("**Comparable Precedent Transactions**");
- (vii) Premium/discount paid in other transactions by listed companies on the SGX-ST involving a delisting or privatisation ("**Precedent Takeovers**");
- (viii) Dividend track record of the Company and selected alternative investments; and
- (ix) Other relevant considerations which have a bearing on our assessment.



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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### *General bases and assumptions*

We wish to highlight that unless specified otherwise, we have relied on the following general bases in our analysis:

- (i) As at the Latest Practicable Date, the issued capital of the Company comprises 517,328,851 HPL Shares; and
- (ii) The underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGXNET and/or other public filings as at the Latest Practicable Date or provided by the Company where relevant. CIMB makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

### *Valuation Ratios*

We have applied the following valuation multiples in our analysis:

Valuation Multiples	General Description
<b>P/NAV</b>	<p>“<b>P/NAV</b>” or “<b>price-to-NAV</b>” multiple illustrates the market price of a company’s shares relative to its historical book NAV (as defined herein) per share as recorded in its financial statements.</p> <p>The Net Asset Value of a company (“<b>NAV</b>”) is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets at its book value, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p> <p>Where the value of a company’s key assets are adjusted to their current market values, the NAV figure derived is referred to as its “<b>Revalued NAV</b>” or “<b>RNAV</b>”.</p>
<b>EV/EBITDA</b>	<p>“<b>EV</b>” or “<b>enterprise value</b>” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents.</p> <p>“<b>EBITDA</b>” stands for earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associate’s or joint venture’s income and excluding exceptional items, as deemed applicable.</p> <p>The EV/EBITDA multiple illustrates the market value of a company’s business relative to its pre-tax operating cashflow performance, without regard to the company’s capital structure.</p>
<b>P/E</b>	<p>“<b>P/E</b>” or “<b>price-to-earnings</b>” multiple illustrates the market price of a company’s shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

### 7.1 Historical Financial Performance and Position of the Group

A summary of the financial results of the Group between FY2011 to FY2013 and for the 3 months ended 31 March 2014 ("1Q2014") is set out below.

	FY2011	FY2012	FY2013	1Q2014
(S\$' 000)	(Audited)	(Audited)	(Audited)	(Unaudited)
<b>Financial Results</b>				
Revenue	493,825	542,838	691,964	214,526
Profit attributable to owners of the Company ("PAT")	70,441	129,796	177,645	44,615
Net Profit Margin <sup>(1)</sup> (%)	14.3	23.9	25.7	20.8
<b>Financial Position</b>				
Total Assets	2,695,643	2,833,122	3,014,154	3,120,284
Cash and bank balances	76,232	83,189	115,331	100,997
Total Borrowings	1,100,628	993,648	1,057,547	1,102,727
NAV <sup>(2)</sup>	1,395,013	1,475,013	1,589,911	1,637,709
Net Debt to Equity <sup>(3)</sup> (%)	73.4	61.7	59.3	61.2
Return on Equity <sup>(4)</sup> ("ROE") (%)	5.1	9.0	11.6	11.1

Source: Company annual reports and unaudited financial statements for 1Q2014

#### Notes:

- (1) Calculated based on the profit attributable to owners of the Company, divided by the revenue for the financial year/period.
- (2) Based on net assets excluding perpetual capital securities that is attributable to the Shareholders.
- (3) Calculated based on total borrowings less cash and bank balances, divided by equity attributable to owners of the Company for the financial year/period.
- (4) Calculated based on the profit attributable to owners of the Company and the average equity attributable to owners of the Company for the period. For 1Q2014, ROE is calculated based on the annualised 1Q2014 profit attributable to owners of the Company.

The Group's revenue increased by approximately 9.9% from S\$493.8 million in FY2011 to S\$542.8 million in FY2012. Between FY2012 and FY2013, revenue rose further by approximately 27.5%, to S\$692.0 million. This translates to an overall increase of approximately 40.1% between FY2011 and FY2013.

The PAT correspondingly increased by approximately 84.3% from S\$70.4 million in FY2011 to S\$129.8 million in FY2012. PAT then rose again by approximately 36.9% to S\$177.6 million in FY2013, resulting in an overall increase of approximately 152.2% between FY2011 and FY2013.

Compared to the corresponding period in FY2013, the Group's revenue increased by 31.0% to S\$214.5 million while its PAT increased by 17.1% to S\$44.6 million in 1Q2014.

The Group's NAV has been on an uptrend, increasing by approximately 17.4% between FY2011 and 1Q2014, and its cash and bank balances is S\$101.0 million as at 31 March 2014.

In its annual report for FY2013, the Company stated that the Group's 27.5% increase in revenue for FY2013 was mainly attributable to its income recognition from the Tomlinson Heights condominium development on a percentage of completion basis as well as better performances by the Group's hotels and resorts, especially those in Maldives.



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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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It also indicated that the hotel and resort division is expected to continue to contribute strongly to the Group's operating results amidst an improving global economic outlook, although challenges remain from rising wage costs and increased competition. On the property front, with the various property cooling measures introduced by the Singapore Government including the latest total debt servicing ratio in place, it noted that the Singapore residential property market sentiment is expected to remain subdued.

Further, in its financial results announcement for 1Q2014, the Company indicated that the Singapore residential property market sentiment remains weak and the latest flash estimate by the Urban Redevelopment Authority indicates a decline in both volume and price of residential property transactions in 1Q2014 compared to the immediately preceding quarter in 2013. The hotels in the Group continue to face challenges such as escalating operational costs as well as increased competition and geopolitical risks. It noted that the outlook for the hospitality industry is mixed.

We also note that the Company's net profit margin and ROE have been on a general uptrend since FY2011.

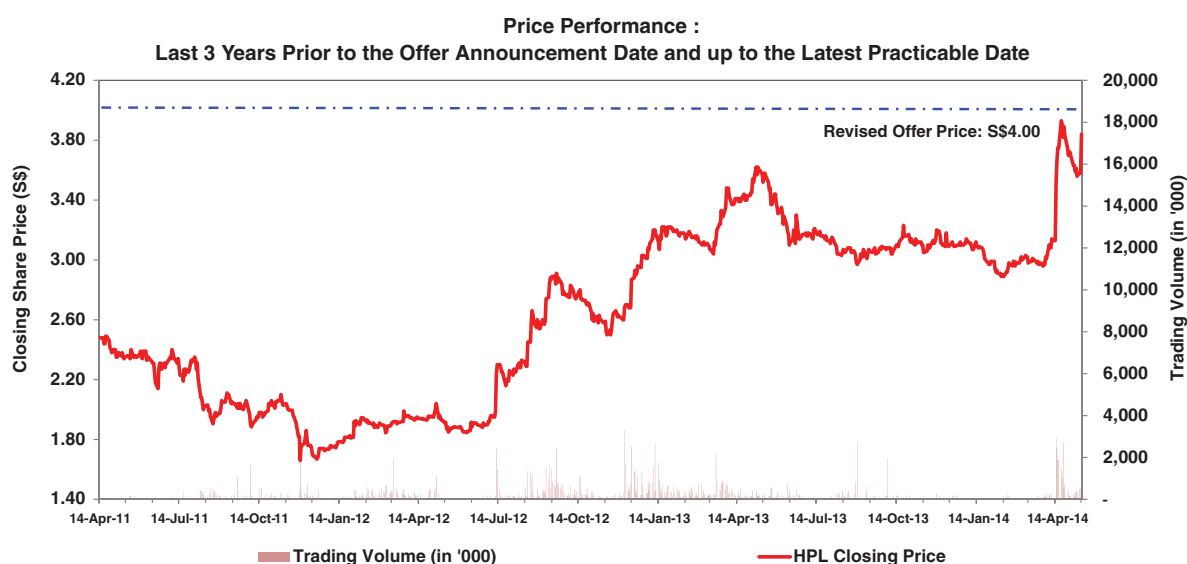
### 7.2 Historical Trading Performance of the HPL Shares

We have compared the Revised Offer Price to the historical price performance of the HPL Shares and considered the historical trading volume of the HPL Shares.

#### 7.2.1 Market Price Performance and Trading Activity of the HPL Shares

In evaluating the Revised Offer Price, it would be relevant to examine the price performance and trading volume of the HPL Shares over a reasonable period, during which the market price of the HPL Shares may ordinarily reflect investors' valuation of the HPL Shares/Company, based on publicly available information.

We set out below the daily closing prices and trading volumes of the HPL Shares for the period between 14 April 2011 (being the 3-year period prior to the Offer Announcement Date) and the Latest Practicable Date and highlight some key events up to the Latest Practicable Date.



Source: Bloomberg L.P. and Company announcements released on SGXNET

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### Key events up to the Latest Practicable Date:

- (A) **13 May 2011:** The Company releases its 1Q2011 results.
- (B) **12 August 2011:** The Company releases its 2Q2011 results.
- (C) **10 November 2011:** The Company releases its 3Q2011 results.
- (D) **30 November 2011:** The Company receives a query from the SGX-ST regarding its trading activity, to which it provides confirmation that it (i) is not aware of any information concerning the Company which has not been previously announced, nor any other possible explanation for the trading activity; and (ii) is in compliance with the listing rules.
- (E) **27 December 2011:** The Company announces that its newly incorporated Singapore subsidiary, HPL Properties (Indian Ocean) Pte. Ltd. ("**HPLPIO**") entered into a SPA with ASB Development Limited to acquire a 30% equity interest in Bilila Lodge Holdings Limited ("**BLHL**"), and thereby, an indirect 30% interest in Bilila Lodge, a holiday resort in Tanzania. The consideration for the acquisition of interest in BLHL by HPLPIO is approximately USD16.5 million including an assignment of shareholder loans of approximately USD12 million.
- (F) **27 February 2012:** The Company releases its FY2011 results.
- (G) **25 April 2012:** The Company announces the receipt of the approval in principal from the SGX-ST for the listing of the S\$150 million in aggregate principal amount of 6.125 per cent. perpetual capital securities, proceeds of which are intended to be used for general corporate purposes, finance capital expenditure and the expansion of the business of the Company and its subsidiaries.
- (H) **11 May 2012:** The Company releases its 1Q2012 results.
- (I) **22 May 2012:** The Company announces that its 50% owned associate, Leisure Ventures Pte Ltd entered into a share sale agreement with Hibernia Worldwide Finance BV and Ramon Investments Limited to acquire 100% of the equity of Promus Private Limited, whose principal activity is that of a hotelier, and is the owner of Soneva Gili Resort and Spa, Maldives. The intention of the acquisition is to allow the Group to expand its presence in the Maldives. The consideration was approximately USD27.41 million and assumption of the existing bank loan of approximately USD10.09 million.
- (J) **31 July 2012:** The Company announces that its wholly-owned subsidiary HPL (Mayfair) Pte. Ltd. entered into a shareholders' agreement with Old Burlington Limited and NL (Pollen) Limited to form a joint venture to purchase a freehold and income-producing property located at 29-30 Old Burlington Street, London, the United Kingdom. The joint venture has entered into a SPA to purchase the property for a consideration of £85 million. It is intended that the acquisition of the property will allow the Group to expand its property portfolio in central London.
- (K) **13 August 2012:** The Company releases its 2Q2012 results.
- (L) **7 November 2012:** The Company releases its 3Q2012 results.
- (M) **11 December 2012:** The Company announces that HPLPIO, entered into a SPA with Areej Investment to acquire a 50% interest in Westcliff Holdings Limited ("**Westcliff**") at a cash consideration of approximately USD5,000 and assignment of a proportionate share of shareholders' loans, at a cash consideration of approximately USD13.1 million. Westcliff is currently in the process of acquiring all the equity interest in 80 Westcliff Pty Ltd, a company incorporated in South Africa which owns all the land and buildings that constitute the Westcliff Hotel in Westcliff, Johannesburg, South Africa.
- (N) **26 February 2013:** The Company releases its FY2012 results.
- (O) **14 May 2013:**
- (i) The Company releases its 1Q2013 results.
- (ii) The Company announces the appointment of Mr Tan Keng Hock Arthur, an Independent Non-Executive Director as the Chairman of the Board, with effect from 14 May 2013, in place of Mr Joseph Grimberg who has retired at the conclusion of the Company's Thirty-Third Annual General Meeting held on 26 April 2013 and the consequential changes to the composition of the Board Committees.
- (P) **6 June 2013:** The Company announces that it acquired the remaining 15% interest in Luxury Holdings Pte Ltd ("**Luxury Holdings**") from Grenville Holdings Limited for S\$65.495 million. Luxury Holdings is now a wholly-owned subsidiary of the Company. Luxury Holdings together with its subsidiaries owns the Concorde Hotel and 61 shop units at Concorde Shopping Centre, situated at 100 Orchard Road, Singapore 238840.

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

**(Q) 14 August 2013:**

- (i) The Company releases its 2Q2013 results.
- (ii) The Company announces that its wholly-owned subsidiaries, HPL (Campden) Pte Ltd and HPL (Kensington) Pte Ltd entered into a SPA with Grosvenor Developments Limited, Grosvenor Developments (UK) Limited and Grosvenor Limited to acquire the entire members' interests in Campden Hill Investment LLP for a total consideration of approximately £45.57 million, effectively valuing the freehold prime development site with a total land area of approximately 1.98 acres located on Campden Hill, London, United Kingdom that is intended to be purchased under an agreement with the Mayor and Burgess of the Royal Borough of Kensington and Chelsea, at £190 million.

**(R) 30 August 2013:** The Company announces its 70% owned subsidiary company, HPL Resorts Maldives Pvt Ltd, subscribed for 100% of the equity interest in the capital of Leisure Frontiers Pvt Ltd, which has in turn entered into a SPA with Olhuveli Laamu Holdings Pvt Ltd for the purpose of acquiring the lease of the island of Olhuveli in Laamu Atoll, Maldives which includes the resort and the assets on the island for a total consideration of USD70 million.

**(S) 12 November 2013:** The Company releases its 3Q2013 results.

**(T) 26 February 2014:** The Company releases its FY2013 results.

**(U) 14 April 2014:**

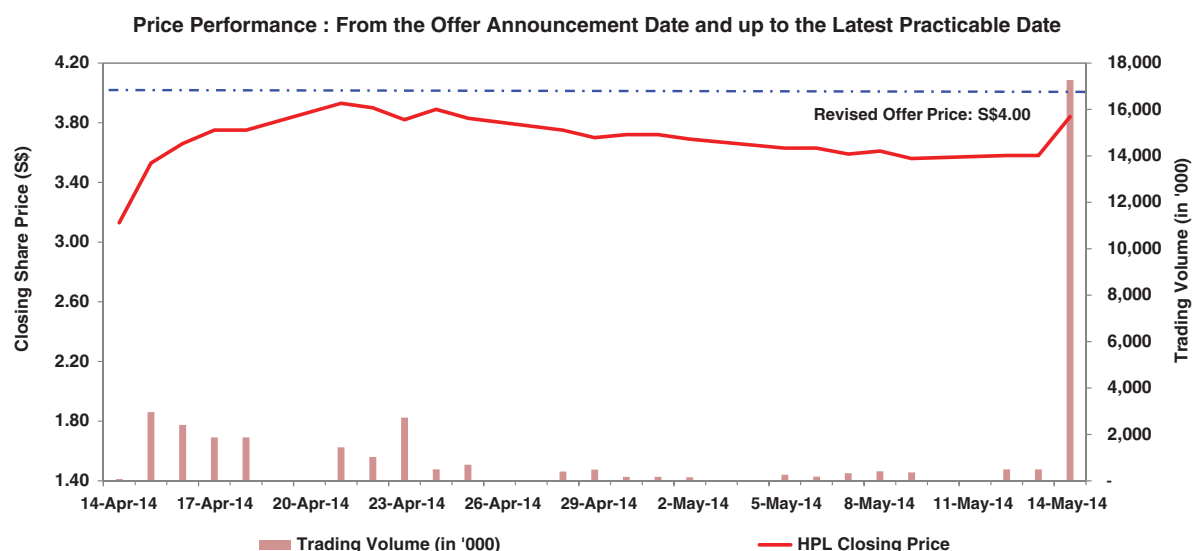
- (i) The Company issues a request for a trading halt.
- (ii) The Company announces the mandatory conditional cash offer by 68 Holdings Pte. Ltd. to acquire all the issued ordinary shares of the Company not already owned, controlled or agreed to be acquired by it.

**(V) 12 May 2014:** The Company releases its 1Q2014 results.

**(W) 14 May 2014:**

- (i) The Company issues a request for a trading halt.
- (ii) The Company announces that SCB has announced, for and on behalf of the Offeror, *inter alia*, the revision of the Original Offer Price to the Revised Offer Price.

We set out below the daily closing prices and trading volumes of the HPL Shares for the period from the Offer Announcement Date up to the Latest Practicable Date.



Source: Bloomberg L.P.

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

We set out below (i) the premia implied by the Revised Offer Price to the historical volume weighted average price (“**VWAP**”) of the HPL Shares; and (ii) the historical average daily trading volume of the HPL Shares for the various periods between 14 April 2011 (being the 3-year period prior to the Offer Announcement Date) and up to the Latest Practicable Date.

	<b>VWAP<sup>(1)</sup></b> <b>(S\$)</b>	<b>Premium of Revised Offer Price to VWAP</b> <b>(%)</b>	<b>Highest price</b> <b>(S\$)</b>	<b>Lowest price</b> <b>(S\$)</b>	<b>Average daily trading volume<sup>(2)</sup></b>	<b>Average daily trading volume as a percentage of free float<sup>(3)</sup></b> <b>(%)</b>
<b>Periods prior to the Offer Announcement Date</b>						
Last 3 years	2.648	51.06	3.640	1.650	229,526	0.17
Last 2 years	2.905	37.69	3.640	1.800	261,402	0.19
Last 1 year	3.165	26.38	3.640	2.880	125,843	0.09
Last 6 months	3.063	30.59	3.300	2.880	66,854	0.05
Last 3 months	2.998	33.42	3.150	2.880	68,133	0.05
Last 1 month	3.027	32.14	3.150	2.940	97,429	0.07
Closing price on last traded market day prior to the Offer Announcement Date	3.130	27.80	3.150	3.130	77,000	0.06
<b>Period after the Offer Announcement Date</b>						
Between Offer Announcement Date and the Latest Practicable Date (dates inclusive)	3.853	3.82	3.990	3.500	1,797,526	1.31
Last traded price on the Latest Practicable Date	3.840	4.17	3.950	3.840	17,273,000	12.57

Source: Bloomberg L.P. and CIMB analysis

**Notes:**

- (1) The historical VWAPs are rounded to the nearest three (3) decimal places for the purpose of calculating the corresponding premium.
- (2) The average daily trading volume of the HPL Shares is calculated based on the total volume of HPL Shares traded during the period divided by the number of traded market days during that period.
- (3) Free float is approximately 137,377,351 HPL Shares as at the Latest Practicable Date as provided by the Company.

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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We note the following:

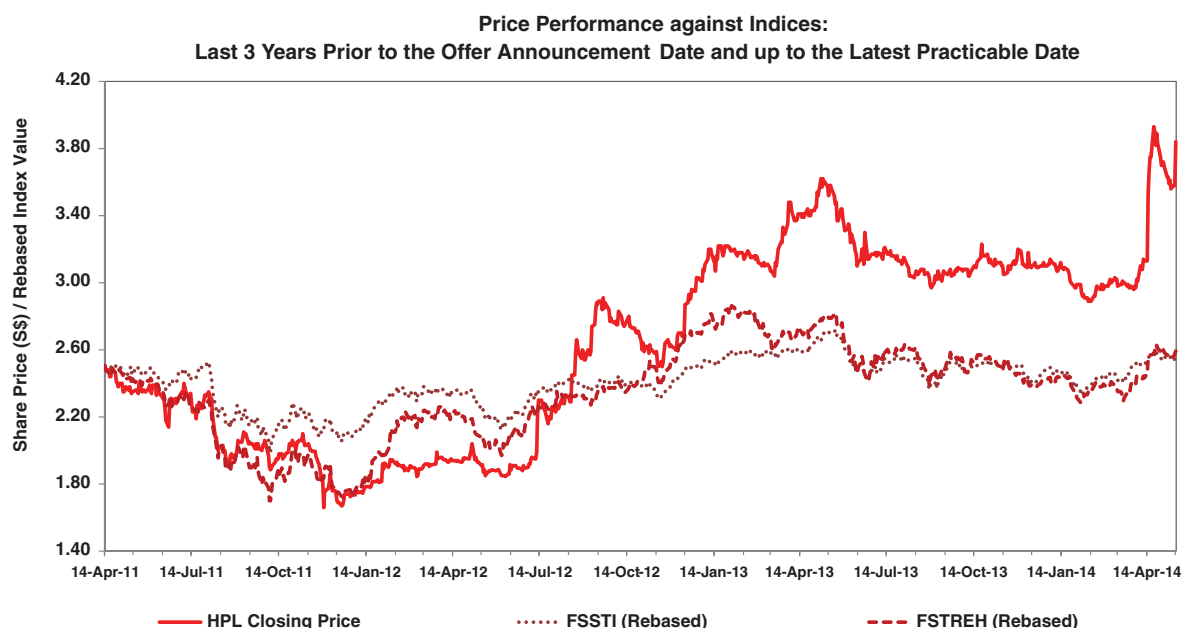
- (i) During the 3-year period leading up to the Offer Announcement Date, trading in the HPL Shares occurred on approximately 98.5% of all market days. While there appears to be a ready market for the HPL Share as indicated by its frequency of transactions, the absolute trading volume of the HPL Shares is relatively low which renders the HPL Shares less liquid for investors who wish to transact larger quantum of HPL Shares;
- (ii) The average daily trading volume has generally declined in recent years from a 3-year average daily trading volume of 229,526 HPL Shares, representing approximately 0.17% of the Company's free float, to a volume of about 97,429 HPL Shares over the more recent 1-month period prior to the Offer Announcement Date, representing approximately 0.07% of the Company's free float;
- (iii) For the 3-year period leading up to the Offer Announcement Date, the HPL Shares generally traded on an upward trend, from a VWAP of S\$2.648 for the 3-year period prior to the Offer Announcement Date to S\$3.027 for the 1-month period prior to the Offer Announcement Date, but have not traded at or above the Revised Offer Price in the 3-year period leading up to the Offer Announcement Date;
- (iv) Over the more recent 1-year period, the Revised Offer Price represents a premia of approximately 26.38% to 33.42% to the VWAP range of S\$2.998 to S\$3.165 per HPL Share for the 1-month, 3-month, 6-month and 1-year periods prior to the Offer Announcement Date;
- (v) Specifically, over the 1-month and 3-month periods prior to the Offer Announcement Date, the Revised Offer Price represents a premium of approximately 32.14% and 33.42% over the respective VWAP of the HPL Shares;
- (vi) The Revised Offer Price represents a premium of approximately 27.80% over the closing price of the HPL Shares of S\$3.130 on 11 April 2014, the last traded market day prior to the Offer Announcement Date; and
- (vii) The Revised Offer Price represents a premium of 4.17% over the last traded price of S\$3.840, prior to the Revised Offer Announcement on the Latest Practicable Date.

**Shareholders should also note that the past trading performance of the HPL Shares should not, in any way, be relied upon as an indication of its future trading performance, and the price performance of the HPL Shares may have been due to market factors and other individual factors which may not be easily isolated and identified with certainty.**

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

### 7.2.2 Relative Share Price Performance

To gauge the price performance of the HPL Shares relative to the general price performance of the stock market and of property-related companies listed on the SGX-ST, we set out below the market price movement of the HPL Shares against the FTSE Straits Times Index (the “**FSSTI**”), and the FTSE ST Real Estate Holding and Development Index (“**FSTREH**”) for the period between 14 April 2011 (being 3-year period prior to the Offer Announcement Date) and the Latest Practicable Date.



Source: Bloomberg L.P.

#### Notes:

- (1) The FSSTI is a market capitalisation weighted index based on the stocks of 30 representative companies listed on the Mainboard of the SGX-ST.
- (2) The FSTREH is a market capitalisation weighted index that measures the performance of real estate holding and development companies listed on the Mainboard of the SGX-ST.

We note that during the 3-year period leading up to the Offer Announcement Date, the HPL Shares had generally performed in line with the FSSTI and FSTREH, with the market prices of the HPL Shares outperforming both indices from around August 2012 and maintaining it up to the Latest Practicable Date.

The movement in the closing prices of the HPL Shares, the FSSTI and FSTREH from the last traded market day prior to the Offer Announcement Date on 11 April 2014 and to the Latest Practicable Date is as follows:

	Last transacted price / index value prior to the Offer Announcement Date	Last transacted price / index value as at the Latest Practicable Date	Percentage Change (%)
Company (\$S)	3.130	3.840	22.68
FSSTI	3,198.22	3,259.09	1.90
FSTREH	714.63	761.61	6.57

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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From the last traded market day prior to the Offer Announcement Date to the Latest Practicable Date, the market price of the HPL Shares has increased by approximately 22.68% with a total trading volume of approximately 34,230,000 HPL Shares for the period. Over the same period, the FSSTI and FSTREH increased by 1.90% and 6.57% respectively.

Based on the above, we conclude that it is likely that the market price of the HPL Shares as at the Latest Practicable Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer.

### 7.3 NAV and RNAV of the Group

Given the asset intensive nature of the Company's core property business, we have adopted an NAV-based valuation approach to analyse the Revised Offer Price. Property-related companies such as the Company are often valued using an NAV-based approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

Based on the Company's latest unaudited consolidated financial statements as at 31 March 2014, the Group's completed properties held for sale, investment in associates and jointly controlled entities, property, plant and equipment and investment properties have an aggregate book value of approximately S\$2,750.6 million and represents approximately 88.2% of the Group's total assets of approximately S\$3,120.3 million, details which are as follows:

	As at 31 March 2014 Book Value (S\$ million)
Completed properties held for sale	287.4
Investment in associates and jointly controlled entities	729.7
Property, plant and equipment <sup>(1)</sup>	1,050.5
Investment properties	683.0
<b>Total Book Value</b>	<b>2,750.6</b>

**Note:**

(1) Includes properties classified as property, plant and equipment.

#### 7.3.1 NAV<sup>(1)</sup> of the Group

Based on the Company's unaudited consolidated financial statements for 1Q2014, the NAV of the Group as at 31 March 2014 was approximately S\$1,637.7 million or S\$3.17 per HPL Share, based on the issued capital of the Company as at the Latest Practicable Date. Adjusting for the FY2013 Dividends, the adjusted NAV of the Group ("**Adjusted NAV**") as at 31 March 2014 would be approximately S\$1,596.3 million or S\$3.09 per HPL Share.

We note that the Revised Offer Price represents a premium of approximately 29.6% to the Adjusted NAV per HPL Share of S\$3.09 as at 31 March 2014.

**Note:**

(1) Based on net assets excluding perpetual capital securities that is attributable to the Shareholders.

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

### 7.3.2 RNAV of the Group

In connection with the Offer, the Company has commissioned independent valuations to determine the market value of all the properties in which the Group has interests (the “**Revalued Properties**”). A summary of the valuation figures for the Revalued Properties, and the Company’s effective share of the net revaluation surplus/deficit is set out below.

Property	Company's effective interest (%)	Valuation <sup>(1)</sup> (\$ million)	Share of revaluation surplus/(deficit) <sup>(2)</sup> (\$ million)	
			As-is	GDV Valuation Basis <sup>(3)</sup>
Properties classified as Property, Plant and Equipment				
Hilton Singapore	100	530.0	303.7	303.7
Four Seasons Hotel Singapore	100	365.0	224.5	224.5
Concorde Hotel Singapore	100	243.0	153.5	153.5
Units in HPL House occupied by the Company and its subsidiaries <sup>(4)</sup>	100	28.0	5.5	5.5
Plots of land located at Port Dickson, Negeri Sembilan, Malaysia	100	10.7	2.7	2.7
The Lakehouse, Cameron Highlands	100	4.1	2.5	2.5
Hard Rock Hotel Pattaya	100	67.2	24.2	24.2
2 land parcels near Hard Rock Hotel Pattaya	100	As-is: 1.1 GDV: 5.1	(0.7)	(0.1)
The Metropolitan, Bangkok	100	36.5	(3.7)	(3.7)
A plot of land located at South Sathorn Road, Bangkok, Thailand	100	As-is: 46.3 GDV: 155.3	24.0	30.3
A condominium unit at Sathorn Park Place, Bangkok, Thailand	100	0.5	0.1	0.1
Concorde Hotel New York	100	61.8	14.8	14.8
Four Seasons Resort Bali at Jimbaran Bay	93.3	149.1	43.5	43.5
Four Seasons Resort Bali at Sayan	100	41.0	11.5	11.5
Hard Rock Hotel Bali	100	103.4	43.6	43.6
Four Seasons Private Estates at Jimbaran Bay	100	11.7	5.5	5.5
Holiday Inn Resort Vanuatu and Palms Casino	100	8.3	(5.1)	(5.1)
Four Seasons Resort Maldives at Kuda Huraa	70	94.5	29.3	29.3
Four Seasons Resort Maldives at Landaa Giraavaru	70	151.3	48.2	48.2
Rihiveli Beach Resort	70	–	(0.4)	(0.4)



## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

Property	Company's effective interest (%)	Valuation <sup>(1)</sup> (S\$ million)	Share of revaluation surplus/(deficit) <sup>(2)</sup> (S\$ million)	
			As-is	GDV Valuation Basis <sup>(3)</sup>
Holiday Inn Resort Kandooma	70	58.0	10.4	10.4
Six Senses Laamu, Maldives	70	89.5	0.9	0.9
Maamunaagau Island	70	As-is: 4.6 GDV: 58.0	–	1.2
<b>Sub-total</b>			938.5	946.6
<b>Completed Properties Held for Sale</b>				
Tomlinson Heights	100	330.0	(63.2)	(63.2)
The Met Condominium	100	16.7	0.2	0.2
<b>Sub-total</b>			(63.0)	(63.0)
<b>Investment Properties</b>				
7 shop units at 21 Cuscaden Road	100	25.4	–	–
Units in HPL House leased to other companies <sup>(4)</sup>	100	80.0	–	–
Office and shop units at 583 Orchard Road	100	408.0	–	–
62 shop units at 100 Orchard Road	100	169.6	–	–
<b>Sub-total</b>			–	–
<b>Others</b>				
Properties held by Associates and Jointly Controlled Entities			125.8	232.2
<b>Total revaluation surplus</b>			<b>1,001.3</b>	<b>1,115.8</b>

Source: The Company's annual reports and Valuation Reports on the Revalued Properties

### Notes:

- (1) Unless otherwise indicated, the valuation reflects the open market value (as-is valuation basis) as indicated in the Valuation Reports. For land which is being developed or with development potential, the Independent Valuers have, where possible, also valued the properties based on the assumption of development and completion (gross development value ("GDV")). The valuations are translated from their respective valuations in foreign currencies to S\$, where applicable, based on rates of exchange as at 31 March 2014 provided by the Company.
- (2) The revaluation surplus/deficit for each of the Revalued Property is arrived at after taking into consideration the book value of each of the Revalued Property as at 31 March 2014, its valuation by the Independent Valuers and net of tax liabilities on the revaluation surplus. For the residential properties in Singapore, the revaluation surplus/deficit further takes into consideration Management's estimates of the relevant direct holding costs and expenses to be incurred assuming the hypothetical sale of the properties in the next four to five years, comprising (a) agents commission at 2% of valuation, (b) other marketing expenses at 1% of valuation, (c) holding costs including property taxes, maintenance charges and interest expenses; and (d) qualifying certificate extension charges at 8%, 16% and 24% of the property purchase price and proportion of unsold units for the first, second and third year of extension respectively.
- (3) GDV Valuation Basis - The revaluation surplus/deficit for each of the Revalued Property is based on the GDV valuation basis, where available. For Revalued Properties where the valuation as indicated in the Valuation Reports are based only on an as-is valuation basis, the revaluation surplus/deficit for these Revalued Properties are based on the as-is valuation basis.
- (4) The remaining units leased to other companies are classified as investment properties.

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

The valuation of the Group's properties as set out above are based on the Valuation Reports from the Independent Valuers. Further information on the Revalued Properties including their basis of valuation is set out in their respective Valuation Reports, extracts of which are set out in Appendix 8 of the Circular.

We have placed sole reliance on such information provided to us by the Management and do not assume any responsibility in relation to the bases of such valuations or if the contents thereof have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code. In relying on financial analyses and estimates provided to us by the Management, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by Management. We express no view as to such analyses or estimates or the assumptions on which they were based. We have not independently verified such information, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information.

Save for the Revalued Properties, the held-for-trading investments which are measured at their realised value pursuant to their disposal after 31 March 2014 and available-for-sale investments which are measured at fair value as at the Latest Practicable Date, the other assets (including any intangible assets) of the Group have not been revalued for the purpose of determining the RNAV of the Group, as they relate mainly to (i) cash and bank balances, (ii) trade and other receivables, and (iii) amount due from associates.

We note that the Group has completed properties held for sale, development properties that have commenced development and which have un-contracted units expected to be completed in future, and undeveloped land parcels. This implies that the expected profits and cash flows from these assets of the Group will only be realised over a number of years in the future. In view of this, the determination of the revaluation surplus/deficit of these assets also takes into consideration the expenses and for residential properties in Singapore the relevant direct holding costs, that will be incurred over the time required in connection with the development and sale of these assets.

Based on the above, the following adjustments were made to determine the RNAV of the Group for the purpose of our evaluation.

<b>(S\$ million, unless otherwise indicated)</b>	<b>As-is</b>	<b>GDV Valuation Basis</b>
The Group's Adjusted NAV as at 31 March 2014	1,596.3	1,596.3
Add: Net revaluation surplus arising from Revalued Properties	1,001.3	1,115.8
Add: Increase in value of held-for-trading investments which were disposed after 31 March 2014	0.1	0.1
Add: Increase in fair value of available-for-sale investments as at the Latest Practicable Date	0.2	0.2
<b>RNAV as at 31 March 2014</b>	<b>2,597.9</b>	<b>2,712.4</b>
<b>RNAV per HPL Share (S\$)</b>	<b>5.02</b>	<b>5.24</b>
<b>Discount to RNAV as implied by Revised Offer Price</b>	<b>20.3%</b>	<b>23.7%</b>

Source: Management estimates, Company filings and CIMB analysis

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## **APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED**

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Shareholders should note that the above analysis assumes the hypothetical sale of the assets (including the Revalued Properties) of the Group as at the Latest Practicable Date. The Directors have confirmed to us that save for the sale of development properties and completed properties held for sale in the ordinary course of its business, the Group does not have current plans for an imminent material disposal and/or conversion of the use of the Group's properties and/or material change in the nature of the Group's business as at the Latest Practicable Date.

In addition, we wish to highlight that the RNAV per HPL Share shown above includes the estimated revaluation surpluses/deficits on unsold and/or uncompleted development properties, unsold units of completed properties held for sale and undeveloped land parcels. Shareholders should be aware that the Group has not fully earned or realised the gains on such properties as at the Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such properties will be the same as that derived from the appraisals by the Independent Valuers.

The Directors have confirmed to us that to the best of their knowledge and belief:

- (i) Save for the Revalued Properties, there are no material differences between the realisable value of the Group's other assets and their respective book values as at 31 March 2014 which would have a material impact on the NAV of the Group;
- (ii) There have been no material acquisitions and disposals of assets by the Group between 31 March 2014 and the Latest Practicable Date; and
- (iii) Save as disclosed in the Company's consolidated financial statements for FY2013 and 1Q2014, there are no other contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

We also note from the Offer Document that the Offeror intends for the Company to continue its existing business activities and there are at present no plans to (i) introduce any major changes to the business of the Company; (ii) re-deploy any of the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Company and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Company which may present themselves and which it may regard to be in the best interests of the Offeror and the Shareholders.

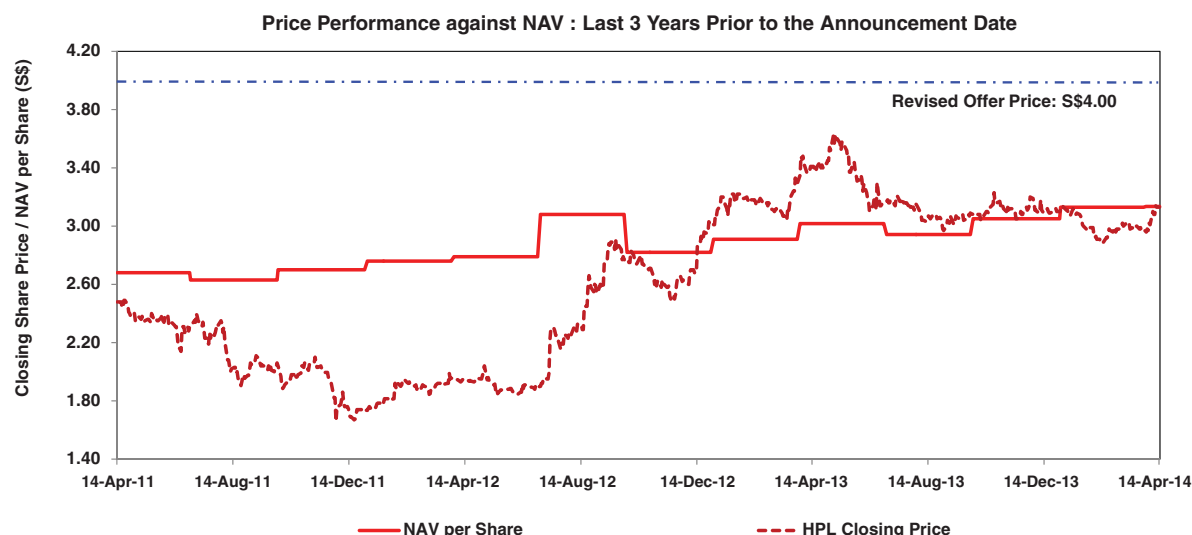
Based on the above, we note the following:

- (i) The Revised Offer Price is at a discount of approximately 20.3% to the RNAV per Share of S\$5.02 as at 31 March 2014 on an as-is valuation basis; and
- (ii) The Revised Offer Price is at a discount of approximately 23.7% to the RNAV per Share of S\$5.24 as at 31 March 2014 on a GDV Valuation Basis.

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

### 7.4 Historical trailing NAV of the Group relative to the Revised Offer Price and historical market price of the HPL Shares

We have compared the historical market price of the HPL Shares and the Revised Offer Price against the trailing NAV per HPL Share of the Group as announced in its quarterly results over the 3-year period prior to the Offer Announcement Date as follows.



Source: Bloomberg L.P. and the Company's results announcements

**Note:**

- (1) The NAV per HPL Share for the relevant period is based on the corresponding quarterly NAV per HPL Share of the Group as reported by the Company. The NAV per HPL Share as at 31 March 2014 reported by the Company has been adjusted for the FY2013 Dividends of S\$0.08 per HPL Share.

We set out below the average, highest and lowest daily premium/discount of the market price of HPL Shares over the corresponding announced NAV<sup>(1)</sup> per HPL Share for the various periods during the 3-year period prior to the Offer Announcement Date.

	Average Premium/(Discount) %	High Premium %	Low (Discount) %
3-year	(10.37)	19.97	(38.52)
2-year	(3.56)	19.97	(38.31)
1-year	3.16	19.97	(7.65)
6-month	(1.25)	5.88	(7.65)
3-month	(4.34)	0.15	(7.65)
1-month	(3.72)	0.15	(5.59)
<b>Implied by Revised Offer Price<sup>(2)</sup></b>	<b>27.58</b>		

**Notes:**

- (1) The NAV per HPL Share for the relevant period is based on the corresponding quarterly NAV per HPL Share of the Group as reported by the Company. The NAV per HPL Share as at 31 March 2014 reported by the Company has been adjusted for the FY2013 Dividends of S\$0.08 per HPL Share.
- (2) The premium implied by the Revised Offer Price is based on the latest announced NAV per HPL Share as at 31 March 2014 adjusted for the FY2013 Dividends of S\$0.08 per HPL Share ("**Adjusted Announced NAV per HPL Share as at 31 March 2014**").

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

We note the following:

- (i) Over the 3-year period prior to the Offer Announcement Date, the HPL Shares have traded from a discount of 38.52% to a premium of 19.97% to the trailing NAV per HPL Share; and
- (ii) The premium implied by the Revised Offer Price to the Adjusted Announced NAV per HPL Share as at 31 March 2014 of approximately 27.58% is higher than the highest average premia to NAV per HPL Share for the 1, 3, 6, 12, 24 and 36-month periods prior to the Offer Announcement Date.

### 7.5 Benchmarking the Revised Offer Price against Comparable Companies

Given the asset intensive nature of the Company's core property business, we consider NAV-based valuation methods such as P/NAV and P/RNAV as being more pertinent measures for assessing the Revised Offer Price relative to the earnings-based valuation methods such as P/E and EV/EBITDA. The annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

We have compared the valuation multiples of the Company implied by the Revised Offer Price with those of selected property companies listed on the SGX-ST which we consider broadly comparable to the Company ("**Comparable Companies**").

A brief description of the Comparable Companies is set out below:

Comparable Companies	Business description	Market capitalisation as at the Latest Practicable Date (S\$ million)
Bukit Sembawang Estate Limited (" <b>Bukit Sembawang</b> ")	Bukit Sembawang, through its subsidiaries, operates in property development, property mortgage financing, and the holding of properties and investments. The company provides residential property development throughout Singapore.	1,561.1
Fraser's Centrepoint Limited (" <b>FCL</b> ")	FCL is an integrated real estate company that provides property development and investment management.	5,259.5
Ho Bee Investment Ltd (" <b>Ho Bee</b> ")	Ho Bee develops and invests in real estate properties in Singapore and United Kingdom. The company also operates hotels.	1,462.0
OUE Limited (" <b>OUE</b> ")	OUE operates as a diversified real estate owner, developer, and operator with a portfolio of assets in prime locations in Singapore. The company focuses its business in the commercial, hospitality, retail and residential sectors.	2,110.9
UOL Group Limited (" <b>UOL</b> ")	UOL is a property company whose subsidiaries manage hotels and service apartments, invest in properties as well as distribute furniture and related accessories. The company also trades sporting and athletic goods, equipment and other recreation goods.	5,189.3
Wing Tai Holdings Limited (" <b>Wing Tai</b> ")	Wing Tai is an investment holding company whose subsidiaries invest in and develop properties, manufacture woven labels, and trade garments and architectural products and accessories. The company also provides management services and operates restaurants.	1,528.2

Source: Bloomberg L.P., SGXNET and respective company's financial statements

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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We wish to highlight that the Comparable Companies above are not exhaustive and they differ from the Company in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation multiples of the Company (as implied by the Revised Offer Price) and the Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date.

Comparable Companies	P/RNAV <sup>(1)</sup> (x)	P/NAV <sup>(2)</sup> (x)	EV/EBITDA <sup>(3)(4)</sup> (x)	P/E <sup>(3)</sup> (x)
Bukit Sembawang	0.57	1.29	10.05	13.15
FCL	0.61	0.84	7.52	7.57
Ho Bee	0.58	0.63	2.62	2.69
OUE	0.54	0.57	2.55	2.33
UOL	0.70	0.75	5.00	6.22
Wing Tai	0.62	0.54	3.46	3.95
<b>Mean</b>	<b>0.60</b>	<b>0.77</b>	<b>5.20</b>	<b>5.98</b>
<b>Median</b>	<b>0.59</b>	<b>0.69</b>	<b>4.23</b>	<b>5.08</b>
<b>Company, implied by the Revised Offer Price</b>		<b>1.30</b>	<b>10.58</b>	<b>11.24</b>
<b>Company, implied by the Revised Offer Price based on:</b>				
- RNAV on an as-is valuation basis	<b>0.80</b>			
- RNAV on a GDV Valuation Basis	<b>0.76</b>			

Source: Bloomberg L.P., respective company's financial statements and CIMB analysis

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### Notes:

- (1) The P/RNAV multiples of the Comparable Companies are calculated based on their respective average estimated RNAV in publicly available analysts/broker reports. Please note that the methods of estimating RNAV differ across analysts and Comparable Companies (for example, while some RNAV estimates are discounted for time, others may not be). The P/RNAV multiple of the Company implied in the Revised Offer Price is based on the RNAV of the Group as set out in Section 7.3.2 above.
- (2) The P/NAV multiples of the Comparable Companies are calculated based on their respective NAV values as set out in their latest available results as at the Latest Practicable Date.
- (3) Based on earnings and EBITDA over last twelve months. Earnings and EBITDA figures exclude exceptional items. Earnings and EBITDA of property related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.
- (4) The EV of the respective Comparable Companies were based on (i) their market capitalisation as at the Latest Practicable Date as extracted from Bloomberg L.P.; (ii) their preferred equity, minority interests; and (iii) net debts (if any) as set out in their respective latest available financial statements.

**The valuation multiples of the Comparable Companies above do not incorporate the premium typically required to acquire control as they reflect the trades of non-controlling stakes.**

We note that at the Revised Offer Price,

- (i) The P/RNAV (both on an as-is valuation basis and GDV Valuation Basis), P/NAV, and EV/EBITDA multiples of the Company implied by the Revised Offer Price are above the range of the multiples of the Comparable Companies; and
- (ii) The P/E multiple of the Company implied by the Revised Offer Price is within the range of the multiples of the Comparable Companies and above the corresponding mean and median multiples of the Comparable Companies.



## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

### 7.6 Comparable Precedent Transaction Analysis

We have identified and reviewed the selected transactions completed during the 3-year period up to and including the Latest Practicable Date, involving the acquisitions of equity interest in property-related companies listed on the SGX-ST (the “**Comparable Precedent Transactions**”), which are broadly comparable to the Offer.

A comparison of the Offer against the Comparable Precedent Transactions is set out below.

Announcement Date	Target	Transaction Summary	Implied Market Cap. (\$ million)	Premium of offer price to VWAP prior to announcement <sup>(1)</sup>					P/NAV <sup>(4)</sup> (x)
				Last transacted price (%)	1-month (%)	3-month (%)	P/RNAV (As-is) <sup>(2)</sup> (x)	P/RNAV (GDV) <sup>(3)</sup> (x)	
23-May-11	Allgreen Properties Limited (“ <b>Allgreen</b> ”)	Cash offer of S\$1.60 for remaining 44.3% interest	2,545	39.1	40.6	45.3	0.84	0.78	0.96
12-Aug-11	Centraland Limited (“ <b>Centraland</b> ”)	Exit offer of S\$0.40 for remaining 18.8% interest	738	11.1	n.a. <sup>(6)</sup>	11.1	1.17 <sup>(6)</sup>		3.25
10-May-12	Wing Tai	Cash partial offer of S\$1.39 for 15.0% of the shares	1,086	18.3	14.3	9.6	0.44	0.42	0.55
30-May-12	Brothers (Holdings) Limited	Cash offer of S\$0.26 for remaining 49.4% interest	78	44.4	43.6	39.0	0.58 <sup>(7)</sup>		1.44 <sup>(7)</sup>
5-Dec-12	SC Global Developments Ltd (“ <b>SC Global</b> ”)	Cash offer of S\$1.80 for remaining 44.9% interest	745	49.4	57.2	58.0	0.80	0.83	1.15
21-Jun-13	Guthrie GTS Limited	Cash offer of S\$0.88 for remaining 30.8% interest	949	21.4	21.9	19.7	0.78 <sup>(6)</sup>		0.87
24-Feb-14	Singapore Land Limited (“ <b>SLL</b> ”)	Cash offer of S\$9.40 for remaining 19.6% interest	3,877	11.2	16.9	13.9	0.67 <sup>(6)</sup>		0.72
<b>Mean<sup>(9)</sup></b>				<b>27.9</b>	<b>32.4</b>	<b>28.1</b>	<b>0.69</b>	<b>0.68</b>	<b>0.95</b>
<b>Median<sup>(9)</sup></b>				<b>21.4</b>	<b>31.2</b>	<b>19.7</b>	<b>0.72</b>	<b>0.72</b>	<b>0.92</b>
<b>14-Apr-14</b>	<b>Company (Implied by the Revised Offer Price)</b>			<b>27.8</b>	<b>32.1</b>	<b>33.4</b>	<b>0.80</b>	<b>0.76</b>	<b>1.30</b>

Source: Relevant offer documents, offeree circulars, company announcements and CIMB analysis

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### Notes:

- (1) The premium calculated in relation to the closing price of the respective target companies 1 day prior to the respective announcement dates and the VWAP of the 1-month and 3-month periods prior to the respective announcement dates.
- (2) Based on the RNAV figures as highlighted in the IFA opinion letter for the respective offers (where applicable), where properties under development are valued based on existing market value, without assuming development and completion.
- (3) Based on the RNAV figures as highlighted in the IFA opinion letter for the respective offers (where applicable), where properties under development are valued by assuming development and completion in accordance with the latest development proposal (for Allgreen and Wing Tai transactions) or assuming full completion and issuance of temporary occupation permit and certificate of statutory completion (for SC Global transaction).
- (4) Based on the NAV figures highlighted in the IFA opinion letter for the respective offers.
- (5) n.a. as there were no trades done in the one-month period prior to the announcement date.
- (6) Based on the RNAV figures highlighted in the IFA opinion letter for the respective offers (where applicable).
- (7) Based on the ex-cash offer price, ex-cash NAV and ex-cash RNAV figures as highlighted in the IFA opinion letter.
- (8) Based on SLL's NTA, adjusted for the fair market value of three hotels, The Pan Pacific Hotel Singapore, The Marina Mandarin Singapore and Mandarin Oriental Singapore as highlighted in the IFA opinion letter.
- (9) Calculation of the mean and median P/RNAV and P/NAV multiples exclude Centraland transaction.

We wish to highlight that the Comparable Precedent Transactions differ from the Offer and the Company in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Comparable Precedent Transactions set out above is for illustration purpose only.

Further, we note that all the Comparable Precedent Transactions set out above, save that involving Wing Tai which was a partial offer, were offers made with an intention to privatise the target, while the Offeror is making the Offer in compliance with its obligation under Rule 14 of the Code, which arises as a result of its acquisition of the Sale Shares, representing approximately 41.46 per cent. of the HPL Shares in issue.

Based on the above, we note that:

- (i) The market price premia implied by the Revised Offer Price is between the corresponding mean and median premia of the last transacted price and 1-month VWAP of the Comparable Precedent Transactions and higher than the mean and median premia of the 3-month VWAP of the Comparable Precedent Transactions; and
- (ii) The P/NAV and P/RNAV (both on an as-is valuation basis and GDV Valuation Basis) multiples of the Company implied by the Revised Offer Price are higher than the corresponding mean and median multiples of the Comparable Precedent Transactions.

### 7.7 Premium/Discount Paid in Precedent Takeovers

We note that the Offeror's current intention is to retain the listing status of the Company on the Mainboard of the SGX-ST. However, in the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act, the Offeror reserves its rights to compulsorily acquire all the HPL Shares not acquired under the Offer. For the purpose of providing an illustrative guide as to whether the financial terms of the Offer are attractive relative to other takeovers, we have compared the financial terms of the Offer with those in recent successful delistings and privatisations of companies listed on the SGX-ST in the last 2 years ("**Precedent Takeovers**").

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in the Precedent Takeovers set out in the analysis below are not directly comparable with the Company in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Precedent Takeovers set out below is for illustration purpose only. Conclusion drawn from the comparisons made may not reflect any perceived market valuation of the Company.

A summary of the relevant financial terms of the Precedent Takeovers is set out below.

Company	Date of announcement	Premium / (Discount) to pre-announcement share price <sup>(1)</sup>		
		Last transacted price (%)	1-month (%)	3-month (%)
Delistings				
Cerebos Pacific Limited	1-Aug-12	22.7	22.9	22.9
Synear Food Holdings Limited	15-Oct-12	10.1	20.8	31.0
Hup Soon Global Corporation Limited	8-Feb-13	0.0	(3.0)	1.0
Pan Pacific Hotels Group Limited	10-May-13	9.0	8.2	6.1
Armstrong Industrial Corporation Limited	5-Jul-13	11.1	14.0	17.0
Pertama Holdings Limited	8-Jul-13	25.0	33.4	20.7
Superior Multi-Packaging Limited	6-Sep-13	0.0	0.5	10.8
Internet Technology Group Limited	25-Sep-13	35.3	9.0	5.7
Consciencefood Holding Limited	28-Sep-13	23.5	23.3	18.0
Devotion Energy Group Limited	7-Oct-13	23.4	24.2	25.0
Medi-Flex Limited	11-Oct-13	15.4	21.0	27.1
WBL Corporation Limited	19-Nov-13	27.5	26.2	24.3
Malacca Trust Limited	23-Dec-13	15.4	15.4	15.4
Mean		16.8	16.6	17.3
Median		15.4	20.8	18.0
High		35.3	33.4	31.0
Low		0.0	(3.0)	1.0

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

Company	Date of announcement	Premium / (Discount) to pre-announcement share price <sup>(1)</sup>		
		Last transacted price (%)	1-month (%)	3-month (%)
Privatisations				
Juken Technology Limited	16-May-12	28.6	26.8	24.1
Brothers (Holdings) Limited	30-May-12	44.4	43.6	39.0
Hersing Corporation Limited	8-Aug-12	21.1	21.3	18.5
Asia Pacific Breweries Limited	18-Aug-12	52.8	53.6	55.2
Sakari Resources Limited	27-Aug-12	25.8	32.0	36.9
Luye Pharma Group Ltd.	28-Aug-12	16.1	20.4	20.4
Kian Ann Engineering Ltd	15-Oct-12	46.7	60.0	67.9
Harry's Holding Ltd.	10-Nov-12	53.3	57.1	72.2
China Farm Equipment Limited	3-Dec-12	7.7	2.8	4.2
SC Global Developments Ltd	5-Dec-12	49.4	57.2	58.0
Kinergy Ltd	14-Dec-12	38.9	37.4	34.4
Rokko Holdings Ltd.	17-Dec-12	57.1	54.9	50.7
PCA Technology Limited	1-Feb-13	11.1	1.4	13.5
Tsit Wing International Holdings Limited	11-Jun-13	36.7	36.7	36.2
Guthrie GTS Limited	21-Jun-13	21.4	21.9	19.7
Food Junction Holdings Limited	24-Jun-13	40.1	37.8	37.1
Viz Brand Limited	5-Jul-13	9.1	12.9	12.4
Berger International Limited	21-Aug-13	78.6	67.8	86.6
Superbowl Holdings Limited	7-Oct-13	15.4	34.9	41.0
People's Food Holdings Limited	19-Oct-13	2.6	4.2	10.0
Kreuz Holdings Limited	5-Nov-13	4.6	6.9	6.4
Singapore Land Limited	24-Feb-14	11.2	16.9	13.9
Mean		30.2	32.1	34.3
Median		25.8	33.8	36.2
High		78.6	67.8	86.6
Low		2.6	1.4	4.2
Mean		25.6	26.8	28.5
Median		22.2	23.1	23.7
High		78.6	67.8	86.6
Low		0.0	(3.0)	1.0
Company (Implied by the Revised Offer Price)	14-Apr-14	27.8	32.1	33.4

Source: Respective company's offer documents and circulars and Bloomberg L.P.

**Note:**

- (1) The premium/discount calculated in relation to the closing price of the respective companies 1 day prior to the respective announcement dates and the VWAP of the 1-month and 3-month periods prior to the respective announcement dates.

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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We note that the market price premia implied by the Revised Offer Price is higher than the corresponding mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Precedent Takeovers.

### 7.8 Dividend Analysis

For the purpose of assessing the Offer, we have considered the historical dividend record of the HPL Shares for the last 3 financial years prior to the Latest Practicable Date and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Offer in other selected alternative equity investments.

#### 7.8.1 Historical Dividends Paid by the Company

The dividends declared by the Company in respect of the last three financial years prior to the Latest Practicable Date is set out below:

	FY2011	FY2012	FY2013
First and Final Dividend per HPL Share (S\$)	0.02	0.04	0.04
Special Dividend per HPL Share (S\$)	0.03	0.035	0.04
Total Dividend per HPL Share (S\$)	0.05	0.075	0.08
Share Price <sup>(1)</sup> (S\$)	2.04	3.62	3.61
Net Dividend Yield <sup>(2)</sup> (%)	2.45	2.07	2.22

Source: Bloomberg L.P., the Company's annual reports and CIMB analysis

**Notes:**

- (1) Closing price of the HPL Shares as at the last cum-dividend date.
- (2) Computed as Total Dividend per HPL Share divided by Share Price.

We note that the Company has a consistent record of paying dividends with total dividend per HPL Share ranging from 5.0 cents to 8.0 cents from FY2011 to FY2013 and dividend yield ranging from approximately 2.07% to approximately 2.45% in the same period.

We note that although the Company has been consistently declaring dividends in each financial year, there is no assurance that the Company will continue to pay dividends in the future or maintain the level of dividends paid in previous periods. As such, the quantum of dividends paid by the Company in any year would depend on various factors including but not limited to the financial performance of the Group, its working capital and capital expenditure needs as well as other considerations.

#### 7.8.2 Investment in Selected Alternative Investments

Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments including the equity of the Comparable Companies and/or a broad market index instrument such as the STI Exchange Traded Fund ("STI ETF").

## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

For illustration purpose, the dividend yields of these selected alternative investments based on their ordinary dividends declared in respect of their respective last financial year, prior to the Latest Practicable Date, are as follows:

Comparable Companies	Net dividend yield (%) <sup>(1)</sup>
Bukit Sembawang	2.49
Ho Bee	3.65
OUE	1.29 <sup>(2)</sup>
UOL	2.97
Wing Tai	6.17
<b>Mean</b>	<b>3.32</b>
<b>Median</b>	<b>2.97</b>
<b>STI ETF</b>	<b>2.58</b>
<b>Company (Implied by the Revised Offer Price)<sup>(3)</sup></b>	
Based on Revised Offer Price	<b>2.00</b>
Based on closing price on the Latest Practicable Date <sup>(4)</sup>	<b>2.08</b>

Source: Bloomberg L.P., annual reports or financial statements of the Comparable Companies and CIMB analysis

### Notes:

- (1) Net dividend yield of each selected alternative investment is computed as the net ordinary dividend per share divided by the closing market price on the Latest Practicable Date (or where there was no trading on such date, the last available closing market price prior thereto).
- (2) Does not include the special cash dividend of S\$0.20 from the listing of OUE Hospitality Trust.
- (3) Based on the total dividend per HPL Share for FY2013 of S\$0.08.
- (4) Based on the market closing price of the Company on the Latest Practicable Date of S\$3.840.
- (5) The above analysis does not include FCL as it was recently listed in January 2014.

We note that the net dividend yield of the HPL Shares implied by the Revised Offer Price is lower than the range of the dividend yields of Comparable Companies (save for OUE) that have paid out dividends for their respective last financial year, and lower than the dividend yield of the STI ETF and the mean and median dividend yields of the Comparable Companies.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy nor that of any of the Comparable Companies or the STI ETF. Furthermore, an investment in the equity of the Comparable Companies or the STI ETF also presents different risk-return profiles compared to an investment in the HPL Shares. Moreover, there is no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future or maintain the level of dividends paid in past periods.

Further, the above analysis suggests that a shareholder who receives the proceeds from the Revised Offer Price may potentially experience an increase in investment income if he re-invests the proceeds from the Revised Offer Price in the shares of some of the Comparable Companies that has paid out dividends for their respective last financial year. This is on the assumption that the Comparable Companies that have paid out dividends for their respective last financial year maintain their respective net dividend per share at the same level as that set out above.

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### 7.9 Other Relevant Considerations

#### 7.9.1 Outlook of the Group

In its results announcement for 1Q2014, the Company stated the following in relation to the outlook of the Group:

*“The Singapore residential property market sentiment remains weak. The latest flash estimate by the Urban Redevelopment Authority indicates a decline in both volume and price of residential property transactions in Q1 2014 compared to Q4 2013.*

*The hotels in the Group continue to face challenges such as escalating operational costs as well as increased competition and geopolitical risks. The outlook for the hospitality industry is mixed.”*

#### 7.9.2 Rationale for the Offer and Intention of the Offeror in Relation to the Listing Status of HPL

As set out in Section 4 of this letter, the Offeror is making the Offer in compliance with its obligation under Rule 14 of the Code, which arises as a result of its acquisition of the Sale Shares, representing approximately 41.46 per cent. of the HPL Shares in issue.

Further, as set in Section 7.9.4 of this letter below, it is the current intention of the Offeror to retain the listing of HPL on the Mainboard of the SGX-ST. However, in the event that HPL does not meet the Free Float Requirement at the Closing Date and the SGX-ST suspends trading in the HPL Shares, the Offeror will assess the options available at that time. Accordingly, the Offeror reserves the right not to take steps to preserve the listing status of HPL on the Mainboard of the SGX-ST if the Free Float Requirement is not satisfied.

#### 7.9.3 Offeror’s Future Plans for the Company

As set out in Section 6 of the Circular, the Offeror’s intentions in relation to the Company are as follows:

*“The Offeror intends for HPL to continue its existing business activities and there are at present no plans to (i) introduce any major changes to the business of HPL; (ii) re-deploy any of the fixed assets of HPL; or (iii) discontinue the employment of any of the existing employees of HPL and/or its subsidiaries, other than in the ordinary course of business.*

*However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to HPL which may present themselves and which it may regard to be in the best interests of the Offeror and the Shareholders.”*

#### 7.9.4 Compulsory Acquisition and Delisting

The text stating the Offeror’s intentions relating to the compulsory acquisition and delisting of the Company has been extracted from paragraphs 10.2 to 10.4 of the Offer Document and reproduced in *italics* below.

***“10.2 Compulsory Acquisition Rights.*** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer, or acquires HPL Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of the HPL Shares in issue as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all HPL Shares held by Shareholders who have not accepted the Offer (the ***“Dissenting Shareholders”***).

***In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act, the Offeror reserves its right to compulsorily acquire all the HPL Shares not acquired under the Offer.***



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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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**10.3 Dissenting Shareholders' Rights.** *In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of HPL Shares which, together with the HPL Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the total number of issued HPL Shares, the Dissenting Shareholders have the right to require the Offeror to acquire their HPL Shares at the Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.*

**10.4 Listing Status of HPL.** *Pursuant to Rule 723 of the Listing Manual, HPL must ensure that at least 10 per cent. of the total number of issued HPL Shares (excluding treasury shares) is at all times held by the public (the "Free Float Requirement"). Pursuant to Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting or deemed to be acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the total number of issued HPL Shares (excluding treasury shares), the SGX-ST may suspend the trading of the HPL Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of issued HPL Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.*

*In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, HPL must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the HPL Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow HPL a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the HPL Shares held by members of the public to be raised to at least 10 per cent., failing which HPL may be delisted from the SGX-ST.*

***It is the current intention of the Offeror to retain the listing of HPL on the Mainboard of the SGX-ST.*** *However, in the event that HPL does not meet the Free Float Requirement at the Closing Date and the SGX-ST suspends trading in the HPL Shares, the Offeror will assess the options available at that time. Accordingly, the Offeror reserves the right not to take steps to preserve the listing status of HPL on the Mainboard of the SGX-ST if the Free Float Requirement is not satisfied."*

We note that as at the Latest Practicable Date, the Company's free float is approximately 137,377,351 HPL Shares, or 26.56% of the HPL Shares in issue.

### 7.9.5 No Alternative Offer

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the HPL Shares. Further, the Directors have also confirmed that as at the Latest Practicable Date, apart from the Offer, the Company has not received any other offer from any other party.

### 7.9.6 Minimum Acceptance Condition

Shareholders should note that the Offer is subject to the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, together with the HPL Shares owned, controlled or agreed to be acquired by the Offeror or parties acting or deemed to be acting in concert with it, before or during the Offer, will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of HPL Shares carrying more than 50 per cent. of the voting rights attributable to all HPL Shares in issue as at the Closing Date.

The Offeror has announced that as at 5.00 p.m. (Singapore time) on 14 May 2014, the Offeror and parties acting in concert with it own, control, acquired or have agreed to acquire an aggregate of 240,391,280 HPL Shares, representing 46.47 per cent. of the issued share capital of HPL and 46.18 per cent. of the maximum potential issued share capital of HPL. Accordingly, the Offer has not become or been declared to be unconditional as to acceptances as at the Latest Practicable Date.

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, in order to give Shareholders who have not accepted the Offer the opportunity to do so, the Offer will remain open for a period (the “**Rule 22.6 Period**”) of not less than 14 days after the date on which it would otherwise have closed.

As set out in Appendix 1 to the Offer Document, this requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days’ notice in writing (“**Shut-Off Notice**”) that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (a) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Rule 28.1 of the Code, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

### 7.9.7 No irrevocable undertakings

The following is extracted from paragraph 14.3 of the Offer Document and reproduced in *italics* below.

*“None of the Offeror or persons acting or deemed to be acting in concert with the Offeror has received any irrevocable undertaking from any party to accept the Offer as at the Latest Practicable Date.”*

## 8. SUMMARY OF ANALYSIS

In arriving at our advice to the Independent Directors on the Offer, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this letter:

- (i) The Group’s recent historical financial performance;
- (ii) During the 3-year period leading up to the Offer Announcement Date, trading in the HPL Shares occurred on approximately 98.5% of all market days;
- (iii) The average daily trading volume has generally declined in recent years from a 3-year average daily trading volume of 229,526 HPL Shares, representing approximately 0.17% of the Company’s free float, to a volume of about 97,429 HPL Shares over the more recent 1-month period prior to the Offer Announcement Date, representing approximately 0.07% of the Company’s free float;
- (iv) For the 3-year period leading up to the Offer Announcement Date, the HPL Shares generally traded on an upward trend, from a VWAP of S\$2.648 for the 3-year period prior to the Offer Announcement Date to S\$3.027 for the 1-month period prior to the Offer Announcement Date, but have not traded at or above the Revised Offer Price in the 3-year period leading up to the Offer Announcement Date;
- (v) Over the more recent 1-year period, the Revised Offer Price represents a premia of approximately 26.38% to 33.42% to the VWAP range of S\$2.998 to S\$3.165 per HPL Share for the 1-month, 3-month, 6-month and 1-year periods prior to the Offer Announcement Date, and a premium of approximately 27.80% over the closing price of the HPL Shares of S\$3.130 on 11 April 2014, the last traded market day prior to the Offer Announcement Date;
- (vi) The Revised Offer Price represents a premium of 4.17% over the last traded price of S\$3.840, prior to the Revised Offer Announcement on the Latest Practicable Date;

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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- (vii) The general performance of the FSSTI and the FSTREH since 14 April 2011;
- (viii) The Revised Offer Price represents a premium of approximately 29.6% to the Adjusted NAV per HPL Share of S\$3.09 as at 31 March 2014;
- (ix) The Revised Offer Price represents a discount of approximately 20.3% to the RNAV per Share of S\$5.02 as at 31 March 2014 on an as-is valuation basis and a discount of approximately 23.7% to the RNAV per Share of S\$5.24 as at 31 March 2014 on a GDV Valuation Basis;
- (x) Over the 3-year period prior to the Offer Announcement Date, the HPL Shares have traded from a discount of 38.52% to a premium of 19.97% to the trailing NAV per HPL Share;
- (xi) The premium implied by the Revised Offer Price to the Adjusted Announced NAV per HPL Share as at 31 March 2014 of approximately 27.58% is higher than the highest average premia to NAV per HPL Share for the 1, 3, 6, 12, 24 and 36-month periods prior to the Offer Announcement Date;
- (xii) The P/RNAV (both on an as-is valuation basis and GDV Valuation Basis), P/NAV, and EV/EBITDA multiples of the Company implied by the Revised Offer Price is above the range of the multiples of the Comparable Companies;
- (xiii) The P/E multiple of the Company implied by the Revised Offer Price is within the range of the multiples of the Comparable Companies and above the corresponding mean and median multiples of the Comparable Companies;
- (xiv) The market price premia implied by the Revised Offer Price is between the corresponding mean and median premia of the last transacted price and 1-month VWAP of the Comparable Precedent Transactions and higher than the mean and median premia of the 3-month VWAP of the Comparable Precedent Transactions;
- (xv) The P/NAV and P/RNAV (both on an as-is valuation basis and GDV Valuation Basis) multiples of the Company implied by the Revised Offer Price are higher than the corresponding mean and median multiples of the Comparable Precedent Transactions;
- (xvi) The market price premia implied by the Revised Offer Price is higher than the corresponding mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Precedent Takeovers;
- (xvii) The Company has a consistent record of paying dividends. The net dividend yield of the HPL Shares implied by the Revised Offer Price is lower than the range of the dividend yields of Comparable Companies (save for OUE) that have paid out dividends for their respective last financial year and lower than the dividend yield of the STI ETF and the mean and median dividend yields of the Comparable Companies;
- (xviii) The rationale for the Offer and intention of the Offeror in relation to the listing status of HPL;
- (xix) The Offer does not change the management control of the Company and as at the Latest Practicable Date, as the Offer has not become or been declared to be unconditional as to acceptances, the Offeror does not have statutory control of the Company; and
- (xx) The Offeror does not intend to make major changes to the Group's business.

**Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Revised Offer Price is on balance, fair and reasonable under current prevailing market, economic, industry, monetary and other relevant conditions.**

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## APPENDIX 1: LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS OF HOTEL PROPERTIES LIMITED

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### 9. CIMB'S ADVICE ON THE OFFER

After carefully considering all available information and based on our assessment of the financial terms of the Offer, we advise the Independent Directors to make the following recommendations to Shareholders in relation to the Offer:

*Shareholders who wish to take this opportunity to realise their investments in the Company in the near term and/or who are not prepared to accept the uncertainties facing the future prospects of the Company may wish to ACCEPT the Offer or sell their HPL Shares in the open market if they can obtain a price higher than the Revised Offer Price (after deducting all related expenses). Shareholders should be aware that as at the Latest Practicable Date, the Offer remains subject to the Acceptance Condition and there is currently no certainty that the Offer will become unconditional.*

*Shareholders who are confident and optimistic about their equity investments in the Company and the prospects of the Company under the control of the Offeror may wish to REJECT the Offer. Shareholders who do not wish to accept the Offer should be aware that they will be subject to the general risks associated with share investments, including but not limited to fluctuations in the price and trading liquidity of the HPL Shares. Shareholders should also note that in the 3-year period leading up to the Offer Announcement Date, the HPL Shares have not traded at or above the Revised Offer Price and it is likely that the market price of the HPL Shares as at the Latest Practicable Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer.*

*We would advise the Independent Directors to caution the Shareholders that they should not rely on our advice to the Independent Directors as the sole basis for deciding whether or not to accept the Offer.*

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Yours faithfully

For and on behalf of

**CIMB BANK BERHAD, SINGAPORE BRANCH**

**MAH KAH LOON**  
HEAD  
CORPORATE FINANCE

**ERIC WONG**  
DIRECTOR  
CORPORATE FINANCE

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## APPENDIX 2: GENERAL INFORMATION

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### 1. DIRECTORS

The names and designations of the Directors are set out below:

Name	Designation
Arthur Tan Keng Hock	Non-Executive Chairman and Independent Director
Ong Beng Seng	Managing Director
Christopher Lim Tien Lock	Group Executive Director
Michael Stewart Dobbs-Higginson	Non-Executive and Independent Director
Leslie Mah Kim Loong	Non-Executive and Independent Director
David Fu Kuo Chen	Non-Executive and Non-Independent Director
Stephen Lau Buong Lik	Executive Director
William Fu Wei Cheng	Non-Executive and Non-Independent Director

The address of the Directors is at the registered office of the Company.

### 2. HISTORY AND PRINCIPAL ACTIVITIES

The Company 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 581 Orchard Road Singapore 238883. The Company is listed on the SGX-ST.

The principal activities of the Company and its subsidiaries are those of hotel ownership, management and operation, property development and investment holding.

### 3. SHARE CAPITAL

#### 3.1 Issued Shares

The Company has one class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and fully paid-up share capital of the Company is S\$704,199,587.65 comprising 517,328,851 HPL Shares.

The HPL Shares carry equal ranking rights to dividends, voting at general meetings and return of capital.

There is no restriction in the Memorandum or Articles on the right to transfer any HPL Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

9,272,600 HPL Shares have been issued since the end of FY2013 to the Latest Practicable Date.

The HPL Shares are quoted and listed on the Mainboard of the SGX-ST.

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## APPENDIX 2: GENERAL INFORMATION

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### 3.2 Convertible Securities

The Company has 3,170,000 HPL Options outstanding under the HPL Option Schemes as at the Latest Practicable Date.

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in the Company save for:

- (a) 1,550,000 HPL Options exercisable into 1,550,000 HPL Shares under Scheme 2000; and
- (b) 1,620,000 HPL Options exercisable into 1,620,000 HPL Shares under Scheme 2010.

Details of the outstanding HPL Options<sup>(1)</sup> as at the Latest Practicable Date are as follows:

Date of Grant	Exercise Price (\$\$)	Outstanding HPL Options as at the Latest Practicable Date
<b>Pursuant to Scheme 2000</b>		
10/10/2007	4.00	1,420,000
20/05/2008	2.33	70,000
13/10/2009	1.72	60,000
	<b>Total Outstanding</b>	<b>1,550,000</b>
<b>Pursuant to Scheme 2010</b>		
08/07/2011	1.89	500,000
24/08/2012	2.02	500,000
30/07/2013	2.52	620,000
	<b>Total Outstanding</b>	<b>1,620,000</b>

Note:

- (1) The HPL Options have various exercise periods. However, the respective terms and conditions provide for acceleration of exercise periods in the event of a takeover offer.

### 3.3 Rights in respect of capital, voting and dividends

The rights of Shareholders in respect of capital, voting and dividends are contained in the Articles. The provisions in the Articles relating to the rights of Shareholders in respect of capital, voting and dividends are reproduced in Appendix 7 to this Circular.

## 4. DISCLOSURE OF INTERESTS

### 4.1 Interests of the Company in shares of the Offeror

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries owns any shares, securities which carry voting rights, or convertible securities, warrants, options or derivatives in respect of shares or securities which carry voting rights (collectively, “**Relevant Securities**”) of the Offeror, whether directly or indirectly.

### 4.2 Dealings in shares of the Offeror by Company

Neither the Company nor any of its subsidiaries have dealt for value in the shares or Relevant Securities of the Offeror during the period commencing 6 months prior to the Offer Announcement Date and ending on the Latest Practicable Date.



## APPENDIX 2: GENERAL INFORMATION

### 4.3 Interests of Directors in HPL Shares and Relevant Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in the HPL Shares or Relevant Securities of the Company:

Name	Direct Interest		Deemed Interest	
	Number of HPL Shares	% of total issued HPL Shares <sup>(1)</sup>	Number of HPL Shares	% of total issued HPL Shares <sup>(1)</sup>
Ong Beng Seng	–	–	342,465,810 <sup>(2)</sup>	66.20
David Fu Kuo Chen	869,000	0.17	110,889,680 <sup>(3)</sup>	21.44

Notes:

- (1) Based on 517,328,851 HPL Shares as at 14 May 2014. Figures are rounded up to the nearest two decimal places.
- (2) The deemed interests in the 342,465,810 HPL Shares held comprise (a) 231,576,130 HPL Shares acquired/agreed to be acquired by 68 Holdings Pte Ltd (including a market purchase of 93,000 HPL Shares on 15 April 2014 and the acquisition of 17,503,000 HPL Shares on 14 May 2014); (b) deemed interest of 74,568,780 HPL Shares of Mrs Christina Ong (spouse) held through Coldharbour Limited; (c) deemed interest of 2,200,000 HPL Shares of Mrs Christina Ong held through Jermaine Limited; and (d) 34,120,900 HPL Shares held by Holmshaw Services Limited.
- (3) The deemed interests in the 110,889,680 HPL Shares comprise (a) 74,568,780 HPL Shares held through Coldharbour Limited; (b) 2,200,000 HPL Shares held through Jermaine Limited; and (c) 34,120,900 HPL Shares held through Holmshaw Services Limited.

Name	Direct Interest		Deemed Interest	
	Number of HPL Options	% of total issued HPL Shares <sup>(1)</sup>	Number of HPL Options	% of total issued HPL Shares <sup>(1)</sup>
Christopher Lim Tien Lock	200,000	0.04	–	–
Stephen Lau Buong Lik	170,000	0.03	–	–

Note:

- (1) Based on 517,328,851 HPL Shares as at 14 May 2014. Figures are rounded up to the nearest two decimal places.

### 4.4 Dealings in HPL Shares and Relevant Securities by Directors

Save as disclosed below, none of the Directors has dealt for value in HPL Shares or Relevant Securities of the Company during the period commencing 6 months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

#### (a) HPL Shares

Name	Date of Dealing	Number of HPL Shares	Price (S\$)	Details of Dealing
Ong Beng Seng	14 May 2014	17,503,000	4.00	Acquisition by Offeror <sup>(1)</sup>
	15 April 2014	93,000	3.50	Market purchase by Offeror <sup>(1)</sup>
	14 April 2014	213,980,130	3.50	Acquisition by Offeror <sup>(1)</sup>
	14 April 2014	95,816,780 <sup>(2)</sup>	3.50	Sale of HPL Shares to Offeror <sup>(1),(3)</sup>
	19 December 2013	188,000	3.11	Acquisition of HPL Shares via off-market transaction through Reef Holdings Pte Ltd
	25 October 2013	162,000	3.10	Acquisition of HPL Shares via off-market transaction through Reef Holdings Pte Ltd



## APPENDIX 2: GENERAL INFORMATION

Name	Date of Dealing	Number of HPL Shares	Price (\$\$)	Details of Dealing
Christopher Lim Tien Lock	14 May 2014	3,430,000	4.00	Sale of HPL Shares to Offeror
Stephen Lau Buong Lik	14 May 2014	2,984,000	4.00	Sale of HPL Shares to Offeror

Notes:

- (1) OBS has a deemed interest in the HPL Shares acquired/agreed to be acquired by the Offeror. Please refer to Note (2) of the first table under paragraph 4.3 above for further details.
- (2) Being an aggregate of 3,300,000 HPL Shares held directly by OBS, 78,965,780 HPL Shares held by Como Holdings Inc (being an entity wholly-owned by OBS), 11,901,000 HPL Shares held by Reef Holdings Pte Ltd (being an entity wholly-owned by OBS) and 1,650,000 HPL Shares held by Mrs Christina Ong (being the spouse of OBS).
- (3) OBS has a deemed interest in the HPL Shares acquired/agreed to be acquired by the Offeror. Accordingly, there is no change to OBS' aggregate interest in HPL Shares arising from this dealing.

### (b) HPL Options<sup>(1)</sup> and HPL Awards<sup>(1)</sup>

Name	Date of Dealing	Number of HPL Shares under HPL Options/ HPL Awards	Exercise Price (\$\$)	Details of Dealing
Christopher Lim Tien Lock	23 April 2014	753,200	–	Vesting of HPL Awards
	22 April 2014	450,000	2.02	Exercise of HPL Options under Scheme 2010
	22 April 2014	450,000	2.52	Exercise of HPL Options under Scheme 2010
	22 April 2014	180,000	2.33	Exercise of HPL Options under Scheme 2000
	8 April 2014	450,000	1.89	Exercise of HPL Options under Scheme 2010
	1 April 2014	250,000	1.77	Exercise of HPL Options under Scheme 2000
	28 February 2014	500,000	1.77	Exercise of HPL Options under Scheme 2000
	21 January 2014	200,000	1.72	Exercise of HPL Options under Scheme 2000
	16 December 2013	188,300	–	Vesting of HPL Awards
Stephen Lau Buong Lik	23 April 2014	654,400	–	Vesting of HPL Awards
	22 April 2014	200,000	1.72	Exercise of HPL Options under Scheme 2000
	22 April 2014	350,000	1.89	Exercise of HPL Options under Scheme 2010
	22 April 2014	350,000	2.02	Exercise of HPL Options under Scheme 2010
	22 April 2014	350,000	2.52	Exercise of HPL Options under Scheme 2010
	22 April 2014	150,000	2.33	Exercise of HPL Options under Scheme 2000
	3 April 2014	300,000	1.77	Exercise of HPL Options under Scheme 2000
	20 March 2014	350,000	1.77	Exercise of HPL Options under Scheme 2000
	16 December 2013	163,600	–	Vesting of HPL Awards

## APPENDIX 2: GENERAL INFORMATION

Note:

- (1) The HPL Options and HPL Awards have various exercise periods and vesting dates. However, the respective terms and conditions provide for acceleration of exercise periods and vesting dates in the event of a takeover offer.

### 4.5 Interests of Directors in shares of the Offeror

Save for the interest of OBS in the Offeror as disclosed in paragraph 5 of the letter to Shareholders in this Circular, none of the Directors has any direct or indirect interests in the shares of the Offeror or Relevant Securities of the Offeror as at the Latest Practicable Date.

### 4.6 Dealings in shares of Offeror by Directors

Save as disclosed below, none of the Directors has dealt for value in the shares or Relevant Securities of the Offeror during the period commencing 6 months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Name	Date of Dealing	Number of shares of the Offeror	Price (S\$)	Details of Dealing
Ong Beng Seng	14 February 2014	2	1.00	Subscription by Cuscaden Partners Pte. Ltd. <sup>(1)</sup>
	14 April 2014	58	1.00	Subscription by Cuscaden Partners Pte. Ltd. <sup>(1)</sup>

Note:

- (1) OBS has a 90% interest in Cuscaden Partners Pte. Ltd.

### 4.7 Interests of the IFA in HPL Shares

None of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any HPL Shares or Relevant Securities of the Company as at the Latest Practicable Date.

### 4.8 Dealings in HPL Shares by the IFA

Save for the dealings by the IFA as disclosed below, the IFA and funds whose investments are managed by the IFA on a discretionary basis have not dealt for value in HPL Shares during the period commencing 6 months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

Date of Dealing	Number of HPL Shares	Purchase/ Selling Price <sup>(1)</sup> (S\$)	Type of Dealing
24 April 2014	499,000	3.83	Sale
24 April 2014	156,000	3.83	Purchase
23 April 2014	343,000	3.82	Purchase
22 April 2014	2,049,000	3.82	Sale
22 April 2014	349,000	3.91	Purchase
21 April 2014	800,000	3.86	Purchase
17 April 2014	2000	3.73	Sale
17 April 2014	2000	3.72	Purchase
17 April 2014	900,000	3.72	Purchase
16 April 2014	5000	3.65	Sale

## APPENDIX 2: GENERAL INFORMATION

Date of Dealing	Number of HPL Shares	Purchase/ Selling Price <sup>(1)</sup> (S\$)	Type of Dealing
16 April 2014	5000	3.68	Purchase
15 April 2014	500	3.50	Sale
10 April 2014	200	3.13	Purchase
8 April 2014	55	3.10	Purchase
7 April 2014	1000	3.03	Sale
7 April 2014	1230	3.01	Purchase
4 April 2014	800	3.02	Sale
2 April 2014	25	2.95	Purchase
25 March 2014	400	2.95	Purchase
18 March 2014	10	3.08	Sale
17 March 2014	400	2.97	Purchase
6 March 2014	870	3.00	Sale
5 March 2014	1000	3.00	Sale
28 February 2014	999	2.96	Purchase
21 February 2014	400	2.96	Purchase
12 February 2014	11	2.90	Purchase
11 February 2014	1000	2.92	Sale
11 February 2014	1000	2.91	Purchase
21 January 2014	1000	3.09	Sale
21 January 2014	999	3.08	Purchase
14 January 2014	1000	3.09	Sale
14 January 2014	1399	3.06	Purchase
3 December 2013	900	3.22	Sale
2 December 2013	1000	3.20	Sale
2 December 2013	999	3.18	Purchase
29 November 2013	100	3.20	Purchase
26 November 2013	300	3.09	Purchase
11 November 2013	1000	3.13	Sale
8 November 2013	1000	3.10	Purchase
25 October 2013	110	3.15	Purchase
14 October 2013	400	3.08	Purchase

Note:

(1) Figures are rounded up to the nearest two decimal places.

### 4.9 Directors' intentions in relation to the Offer

David Fu Kuo Chen, a Director who holds HPL Shares, intends to reject the Offer in respect of his shareholding as set out in paragraph 4.3 of this Appendix 2.

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## APPENDIX 2: GENERAL INFORMATION

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### 5. ARRANGEMENTS WITH DIRECTORS

#### 5.1 Directors' service contracts

As at the Latest Practicable Date, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the Company within the next 12 months without paying any compensation and there are no such service contracts entered into or amended between any Director or proposed director with the Company during the period commencing 6 months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

#### 5.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

### 6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons<sup>1</sup> (other than those entered into in the ordinary course of business) during the period commencing 3 years before the Offer Announcement Date and ending on the Latest Practicable Date.

### 7. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- (b) the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

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<sup>1</sup> As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:-

- (a) a director, chief executive officer, or substantial shareholder of the Company;
- (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

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## APPENDIX 2: GENERAL INFORMATION

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### 8. FINANCIAL INFORMATION

#### 8.1 Financial information on the Group

A summary of the audited consolidated financial statements of the Group for FY2011, FY2012 and FY2013 is set out below. The audited consolidated financial statements of the Group for FY2013 are set out in Appendix 4 to this Circular.

(S\$'000)	Audited		
	FY2011	FY2012	FY2013
Revenue	493,825	542,838	691,964
Exceptional items	—	—	—
Profit before taxation	91,910	159,540	212,763
Profit after taxation	78,434	139,200	186,805
Attributable to:			
Equity holders of the Company	70,441	129,796	177,645
Non-controlling interests	7,993	9,404	9,160
Net earnings per share (cents)			
- Basic (cents)	13.93	25.64	33.19
- Diluted (cents)	13.92	25.51	33.05
Net dividend per share (cents)	5.0	7.5	8.0

The summary financial information above should be read together with the audited consolidated financial statements of the Group for the relevant financial periods and the related notes thereto as set out in the Company's annual reports (copies of which are available for inspection at the registered office of the Company as mentioned in paragraph 10.5 of this Appendix 2).

#### 8.2 Material changes in financial position

Save as disclosed in publicly available information on the Company, including (a) the annual report of the Company for FY2013; (b) the unaudited consolidated financial statements of the Group for the 3 months ended 31 March 2014 (as reproduced in Appendix 3 to this Circular) and; (c) the audited consolidated financial statements of the Group for FY2013 (as reproduced in Appendix 4 to this Circular), there has not been, within the knowledge of the Directors, any material change in the financial position of the Company since 31 December 2013, being the date to which the last published audited consolidated financial statements of the Group were made up.

#### 8.3 Significant accounting policies

The significant accounting policies for the interpretation of the audited consolidated financial statements of the Group for FY2013 are reproduced in Appendix 4 to this Circular.

#### 8.4 Changes in accounting policies

As at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

### 9. VALUATION ON REVALUED PROPERTIES

The Company has commissioned independent valuations of the Revalued Properties. Extracts of the valuation reports are set out in Appendix 8 to this Circular.

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## APPENDIX 2: GENERAL INFORMATION

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Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. The IFA in paragraph 7.3.2 of the IFA Letter has set out the revaluation surplus/deficit for the Revalued Properties, taking into account, *inter alia*, relevant potential tax liabilities. Save for the sale of development properties and completed properties held for sale in the ordinary course of its business, the Group does not have any current plans for an imminent material disposal of the Group's properties as at the Latest Practicable Date. As such, the aforesaid tax liabilities are not likely to crystallise save in respect of the sale of development properties and completed properties held for sale in the ordinary course of its business.

### 10. GENERAL

#### 10.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

#### 10.2 Consent of IFA

The IFA has given and has not withdrawn its written consent to act in such capacity in relation to this Circular and to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors in respect of the Offer, the letter from the IFA in relation to the unaudited consolidated financial statements of the Group for the 3 months ended 31 March 2014 as appended in Appendix 6 to this Circular and all references thereto in the form and context in which they appear in this Circular.

#### 10.3 Consent of Independent Valuers

Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of extracts of its valuation report which are appended in Appendix 8 to this Circular and references to such extracts and the name of such Independent Valuer in the form and context in which they appear in this Circular.

#### 10.4 Consent of Independent Auditor

Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its independent auditors' report in relation to the audited financial statements of the Group for FY2013 as appended in Appendix 4 to this Circular, the independent auditors' review report in relation to the unaudited consolidated financial statements of the Group for the 3 months ended 31 March 2014 as appended in Appendix 5 to this Circular and references to them and its name in the form and context in which they appear in this Circular.

#### 10.5 Documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Company at 50 Cuscaden Road #08-01 HPL House Singapore 249724 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Memorandum and Articles;
- (b) the annual reports of the Company for FY2011, FY2012 and FY2013;
- (c) the IFA Letter;
- (d) the valuation reports issued by the Independent Valuers, extracts of which are appended in Appendix 8; and
- (e) the letters of consent referred to in paragraphs 10.2, 10.3 and 10.4 of this Appendix 2.

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014



### First Quarter Financial Statements

#### 1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Revenue	214,526	163,762
Cost of sales	(134,469)	(107,103)
Gross profit	80,057	56,659
Other operating income	616	1,739
Administrative expenses	(15,465)	(13,640)
Other operating expenses	(612)	(318)
Finance costs	(6,489)	(5,813)
Share of results of associates and jointly controlled entities	4,626	12,159
Profit before income tax	62,733	50,786
Income tax expense	(11,988)	(7,532)
Profit after income tax	50,745	43,254
Attributable to:		
Shareholders of the Company	44,615	38,089
Non-controlling interests	6,130	5,165
	50,745	43,254

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

	GROUP \$'000	
	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Other income including interest income	389	768
Depreciation and amortisation	(12,456)	(13,194)
Bad debts written off*	(190)	-
Fair value (loss) gain in held-for-trading investments*	(29)	357
Foreign exchange gain*	59	202
Adjustment for under provision of tax in respect of prior years	(1,668)	-
Write-back (Impairment) of available-for-sale investments*	168	(98)
(Loss) Gain on disposal of property, plant and equipment*	(81)	412

**Note:**

\* Included in other operating income (expenses)



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**APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014**

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**1(a)(iii) Statement of Comprehensive Income**

	<b>GROUP \$'000</b>	
	<b>Quarter ended Mar 31, 2014</b>	<b>Quarter ended Mar 31, 2013</b>
Profit after income tax	50,745	43,254
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(16)	18,688
Decrease in other capital reserve	-	(249)
Share of other comprehensive income of associates and jointly controlled entities	564	(2,210)
	548	16,229
Other comprehensive income for the year, net of tax	548	16,229
Total comprehensive income	51,293	59,483
Attributable to:		
Shareholders of the Company	45,254	53,932
Non-controlling interests	6,039	5,551
	51,293	59,483

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

### 1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	100,997	115,331	16,429	27,193
Held-for-trading investments	2,030	3,140	-	-
Trade and other receivables <sup>(1)</sup>	193,297	60,301	3,492	2,973
Amount due from associates	45,195	62,790	7,041	7,041
Amount due from subsidiaries	-	-	713,986	720,333
Inventories	9,020	8,850	279	297
Development property <sup>(1)</sup>	-	358,398	-	-
Completed properties held for sale <sup>(1)</sup>	287,383	18,491	-	-
Total current assets	637,922	627,301	741,227	757,837
<b>Non-current assets:</b>				
Associates and jointly controlled entities	729,743	725,842	1,061	1,061
Subsidiaries	-	-	676,693	659,743
Available-for-sale investments	7,719	7,552	-	-
Other long-term prepayments	351	373	-	-
Property, plant and equipment	1,050,535	958,972	227,422	227,618
Investment properties	683,012	683,012	-	-
Deferred tax assets	4,476	4,509	-	-
Intangible assets	6,526	6,593	-	-
Total non-current assets	2,482,362	2,386,853	905,176	888,422
<b>Total assets</b>	<b>3,120,284</b>	<b>3,014,154</b>	<b>1,646,403</b>	<b>1,646,259</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	297,897	314,784	-	-
Trade and other payables <sup>(1)</sup>	125,377	116,494	19,495	30,035
Amount due to subsidiaries	-	-	44,730	44,456
Income tax payable <sup>(1)</sup>	31,576	9,633	147	-
Total current liabilities	454,850	440,911	64,372	74,491
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	53,654	60,368
Long-term borrowings	804,830	742,763	506,575	500,679
Deferred tax liabilities <sup>(1)</sup>	13,684	28,229	1,001	1,012
Total non-current liabilities	818,514	770,992	561,230	562,059
<b>Share capital and reserves:</b>				
Share capital	691,058	687,832	691,058	687,832
Reserves	946,651	902,079	181,396	173,530
Equity attributable to shareholders of the Company	1,637,709	1,589,911	872,454	861,362
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,786,056	1,738,258	1,020,801	1,009,709
Non-controlling interests	60,864	63,993	-	-
Total equity	1,846,920	1,802,251	1,020,801	1,009,709
<b>Total liabilities and equity</b>	<b>3,120,284</b>	<b>3,014,154</b>	<b>1,646,403</b>	<b>1,646,259</b>

Note:

- (1) The completion of Tomlinson Heights condominium development resulted in the transfer of cost of unsold units to Completed properties held for sale and balance sales proceeds for sold units to Trade receivables. Trade payables increased due to accrual of remaining development costs and income tax payable was reclassified from deferred to current.

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## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

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### 1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities

#### Amount repayable in one year or less, or on demand

As at Mar 31, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$297,897,000	-	\$314,784,000	-

#### Amount repayable after one year

As at Mar 31, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$315,801,000	\$489,029,000	\$253,812,000	\$488,951,000

#### 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.

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

### 1(c) Consolidated Statement of Cash Flows

	Quarter ended Mar 31, 2014 \$'000	Quarter ended Mar 31, 2013 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	58,107	38,627
Adjustments for:		
Amortisation of intangible assets	79	82
Depreciation expense	12,377	13,112
Share-based payment expense	349	465
(Write-back) Impairment of available-for-sale investments	(168)	98
Loss (Gain) on disposal of property, plant and equipment	81	(412)
Finance costs	6,489	5,813
Interest income	(205)	(466)
Profit before working capital changes	77,109	57,319
Trade and other payables	8,910	(16,330)
Completed properties held for sale	2,968	814
Development properties and expenditure	(65,457)	(5,366)
Receivables and prepayments	21,196	(6,225)
Held-for-trading investments	1,110	3,342
Inventories	(179)	923
Cash generated from operations	45,657	34,477
Income tax paid	(4,558)	(3,646)
Net cash from operating activities	41,099	30,831
<b>Cash flows used in investing activities:</b>		
Additional property, plant and equipment <sup>(1)</sup>	(103,802)	(7,623)
Net cash from (Investment in) associates and jointly controlled entities	17,907	(2,602)
Proceeds from disposal of property, plant and equipment	180	557
Cash used in investing activities	(85,715)	(9,668)
<b>Cash flows from (used in) financing activities:</b>		
Interest received	205	466
Finance costs paid	(8,227)	(7,410)
Repayment to non-controlling shareholders	(9,119)	(522)
Additional borrowings	77,712	152,919
Repayment of borrowings	(32,425)	(153,683)
Proceeds from issue of shares	2,195	-
Cash from (used in) financing activities	30,341	(8,230)
Net (decrease) increase in cash and cash equivalents	(14,275)	12,933
Cash and cash equivalents at beginning of period	111,978	79,827
Effect of exchange rate changes on cash balances held in foreign currencies	(51)	1,357
Cash and cash equivalents at end of period	97,652	94,117

#### **Cash and cash equivalents at end of period**

The cash and cash equivalents as at Mar 31, 2014, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,345,000.

Note:

- (1) Mainly due to acquisition of Six Senses Laamu in Maldives which also resulted in an increase in Property, plant and equipment and Borrowings in the Consolidated Statement of Financial Position.

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>GROUP</b>								
Balance as at Jan 1, 2013	686,139	683,332	106,199	1,475,670	148,347	1,624,017	91,164	1,715,181
Total comprehensive income (loss) for the period								
Profit for the period	-	38,089	-	38,089	-	38,089	5,165	43,254
Other comprehensive loss for the period	-	-	15,843	15,843	-	15,843	386	16,229
Total	-	38,089	15,843	53,932	-	53,932	5,551	59,483
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	465	465	-	465	-	465
Net movement during the period	-	-	-	-	-	-	(213)	(213)
Total	-	-	465	465	-	465	(213)	252
<b>Balance as at Mar 31, 2013</b>	<b>686,139</b>	<b>721,421</b>	<b>122,507</b>	<b>1,530,067</b>	<b>148,347</b>	<b>1,678,414</b>	<b>96,502</b>	<b>1,774,916</b>
Balance as at Jan 1, 2014	687,832	813,572	88,507	1,589,911	148,347	1,738,258	63,993	1,802,251
Total comprehensive income (loss) for the period								
Profit for the period	-	44,615	-	44,615	-	44,615	6,130	50,745
Other comprehensive income (loss) for the period	-	-	639	639	-	639	(91)	548
Total	-	44,615	639	45,254	-	45,254	6,039	51,293
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	349	349	-	349	-	349
Net movement during the period	-	-	-	-	-	-	(9,168)	(9,168)
Issue of shares	3,226	-	(1,031)	2,195	-	2,195	-	2,195
Total	3,226	-	(682)	2,544	-	2,544	(9,168)	(6,624)
<b>Balance as at Mar 31, 2014</b>	<b>691,058</b>	<b>858,187</b>	<b>88,464</b>	<b>1,637,709</b>	<b>148,347</b>	<b>1,786,056</b>	<b>60,864</b>	<b>1,846,920</b>

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

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

### 1(d)(i) Statement of Changes in Equity (cont'd)

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
<b>COMPANY</b>						
Balance as at Jan 1, 2013	686,139	40,419	118,256	844,814	148,347	993,161
Total comprehensive income for the period						
Profit for the period	-	51	-	51	-	51
Total	-	51	-	51	-	51
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	465	465	-	465
Total	-	-	465	465	-	465
<b>Balance as at Mar 31, 2013</b>	<b>686,139</b>	<b>40,470</b>	<b>118,721</b>	<b>845,330</b>	<b>148,347</b>	<b>993,677</b>
Balance as at Jan 1, 2014	687,832	54,396	119,134	861,362	148,347	1,009,709
Total comprehensive income for the period						
Profit for the period	-	8,548	-	8,548	-	8,548
Total	-	8,548	-	8,548	-	8,548
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	349	349	-	349
Issue of shares	3,226	-	(1,031)	2,195	-	2,195
Total	3,226	-	(682)	2,544	-	2,544
<b>Balance as at Mar 31, 2014</b>	<b>691,058</b>	<b>62,944</b>	<b>118,452</b>	<b>872,454</b>	<b>148,347</b>	<b>1,020,801</b>

\*\* Includes asset revaluation reserve and option reserve.

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

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

The Company issued 1,290,000 new ordinary shares for the current quarter under review upon exercise of subscription rights by senior executives of the Company granted in conjunction with the Hotel Properties Limited Share Option Schemes 2000 and 2010.

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

As at Mar 31, 2014, the number of outstanding share options under the Company's Share Option Schemes was 9,745,000 (as at Mar 31, 2013: 10,100,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,407,600 (as at Mar 31, 2013: 1,759,500).

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

	Mar 31, 2014	Dec 31, 2013
Total number of issued shares excluding treasury shares	509,346,251	508,056,251

### 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 period reported on.

### 2. Audit Statement

The financial information of the Group and the Company for the first quarter ended March 31, 2014 as set out in paragraph 1 of the announcement has been extracted from the interim financial information prepared in accordance with Financial Reporting Standard 34 *Interim Financial Reporting* that has been reviewed by the auditors in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The results for the three months ended March 31, 2013, as set out in the announcement have not been audited or reviewed.

### 3. Auditors' Report

Please refer to the auditors' review report dated May 12, 2014, appended to this announcement.

### 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 except as explained in paragraph 5 below.

### 5. Reasons for and Effect of Changes in Accounting Policies

The Group has adopted all relevant new/revised Singapore Financial Reporting Standards ("FRS") and amendments that are mandatory for financial years beginning on or after January 1, 2014. The adoption of these new/revised FRSs and amendments has no significant impact to the Group.

### 6. Earnings Per Ordinary Share

	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Based on the weighted average number of ordinary shares in issue	8.32 cents	7.06 cents
On a fully diluted basis	8.29 cents	7.02 cents

Earnings per ordinary share is calculated based on net profit attributable to ordinary shareholders after deducting provision for distribution to perpetual capital securities holders.



## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

### 7. Net Asset Value

	Mar 31, 2014	Dec 31, 2013
GROUP	\$3.22	\$3.13
COMPANY	\$1.71	\$1.70

Net asset value per ordinary share is calculated based on net assets excluding perpetual capital securities that is attributable to the ordinary shareholders divided by the number of issued shares of the Company.

### 8. Review of Performance

For the first quarter ended March 31, 2014, the Group achieved a revenue of \$214.5 million, which is 31% higher than the \$163.8 million recorded for the corresponding quarter last year. The increase was mainly attributable to stronger contributions from the Group's resorts in the Maldives as well as higher revenue recognised from Tomlinson Heights condominium development which obtained Temporary Occupation Permit during the quarter under review.

The Group's share of results of associates and jointly controlled entities decreased from \$12.2 million for Q1 2013 to \$4.6 million for Q1 2014 due mainly to lower profit contribution from The Interlace condominium development at Alexandra Road, Singapore, which was completed in September last year.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2014, was \$44.6 million, an increase of 17.1% from \$38.1 million reported for the corresponding quarter last year.

### 9. Variance from Previous Forecast or Prospect Statement

Not applicable.

### 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Singapore residential property market sentiment remains weak. The latest flash estimate by the Urban Redevelopment Authority indicates a decline in both volume and price of residential property transactions in Q1 2014 compared to Q4 2013.

The hotels in the Group continue to face challenges such as escalating operational costs as well as increased competition and geopolitical risks. The outlook for the hospitality industry is mixed.

### 11. Dividend

#### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

#### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

#### (c) Date payable

Not applicable.

#### (d) Books closure date

Not applicable.

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

No dividend has been declared/recommended by the Company for the current financial period reported on.

## APPENDIX 3: UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014

### 13. Interested Person Transactions ("IPT")

The Group has not obtained a general mandate from shareholders for IPTs.

Name of Interested Person	Aggregate value of all IPT during the first quarter ended Mar 31, 2014 (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	2,971	-
- Management fee income	326	-
- Management fee expense	179	-

**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.

### 14. Subsequent Event

On April 14, 2014, a mandatory conditional cash offer was made by Standard Chartered Bank, for and on behalf of 68 Holdings Pte. Ltd. (the "Offeror"), for all the ordinary shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror. Please refer to the offer announcement dated April 14, 2014 for more information.

The Company issued 7,982,600 new ordinary shares since the end of the current quarter under review up to the date of this announcement upon vesting of performance shares and exercise of subscription rights by senior executives of the Company granted in conjunction with the Hotel Properties Limited Performance Share Plan and Share Option Schemes 2000 and 2010. Share-based payment expense of approximately \$1.8 million was also recognised in April 2014 accordingly.

### 15. Negative Assurance Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the first quarter 2014 unaudited financial statements to be false or misleading in any material respect.

### 16. Letter from CIMB Bank Berhad, Singapore Branch

Please refer to the attached letter from CIMB Bank Berhad, Singapore Branch.

### BY ORDER OF THE BOARD

Lo Swee Oi  
Company Secretary  
May 12, 2014

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## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

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### Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 27 to 82 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, 2013, 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 when they fall due.

ON BEHALF OF THE DIRECTORS

Arthur Tan Keng Hock

Ong Beng Seng

March 25, 2014

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## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

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### Independent Auditors' Report

To the members of Hotel Properties Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2013, and the consolidated income statement, consolidated statement of other comprehensive income, statement of changes in equity and statement of cash flows 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 information, as set out on pages 27 to 82.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

#### 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 about 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 judgment, 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 of financial statements that give a true and fair view 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 management, 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, the consolidated financial statements of the Group and the statement of financial position 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, 2013, 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.

#### Report on Other Legal and Regulatory Requirements

In our opinion, 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 LLP**  
Public Accountants and Chartered Accountants  
Singapore

March 25, 2014

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Statements of Financial Position

December 31, 2013

		Group		Company	
	Note	2013 \$'000	2012 \$'000 (restated)	2013 \$'000	2012 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	115,331	83,189	27,193	9,754
Held-for-trading investments	7	3,140	5,342	-	-
Available-for-sale investments	16	-	16,207	-	-
Trade and other receivables	8	60,301	40,630	2,973	2,904
Amount due from associates	12	62,790	43,602	7,041	7,731
Amount due from subsidiaries	15	-	-	730,333	646,013
Inventories	9	8,890	8,178	297	620
Development property	10	358,198	271,750	-	-
Completed properties held for sale	11	18,491	28,344	-	-
<b>Total current assets</b>		<b>627,301</b>	<b>495,522</b>	<b>757,637</b>	<b>667,082</b>
<b>Non-current assets</b>					
Associates and jointly controlled entities	12	725,842	694,472	1,061	1,061
Subsidiaries	15	-	-	629,743	604,324
Available-for-sale investments	16	7,552	9,417	-	-
Other long-term prepayments	17	373	440	-	-
Property, plant and equipment	18	958,972	962,374	227,618	226,351
Investment properties	19	603,012	601,626	-	-
Deferred tax assets	23	4,509	2,367	-	-
Intangible assets	20	6,593	6,064	-	-
<b>Total non-current assets</b>		<b>2,386,853</b>	<b>2,337,600</b>	<b>888,422</b>	<b>911,736</b>
<b>Total assets</b>		<b>3,014,154</b>	<b>2,883,122</b>	<b>1,646,259</b>	<b>1,578,818</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term borrowings	21	314,784	134,212	-	89,970
Trade and other payables	22	116,494	96,142	30,035	25,515
Amount due to subsidiaries	13	-	-	44,456	44,456
Income tax payable		9,633	12,027	-	895
<b>Total current liabilities</b>		<b>440,911</b>	<b>242,381</b>	<b>74,491</b>	<b>160,836</b>
<b>Non-current liabilities</b>					
Advances from subsidiaries	15	-	-	60,368	128,804
Long-term borrowings	21	742,763	809,063	500,679	294,078
Deferred tax liabilities	23	28,229	17,175	1,012	939
<b>Total non-current liabilities</b>		<b>770,992</b>	<b>826,238</b>	<b>562,059</b>	<b>424,821</b>
<b>Share capital and reserves</b>					
Share capital	24	687,832	686,139	687,832	686,139
Reserves		902,079	788,874	173,530	158,675
Equity attributable to owners of the Company		1,589,911	1,475,013	861,362	844,814
Perpetual capital securities	26	148,347	148,347	148,347	148,347
		1,738,258	1,623,360	1,009,709	993,161
Non-controlling interests		63,993	91,143	-	-
<b>Total equity</b>		<b>1,802,251</b>	<b>1,714,503</b>	<b>1,009,709</b>	<b>993,161</b>
<b>Total liabilities and equity</b>		<b>3,014,154</b>	<b>2,883,122</b>	<b>1,646,259</b>	<b>1,578,818</b>

See accompanying notes to financial statements.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Consolidated Income Statement

Year ended December 31, 2013

	Note	Group 2013 S'000	2012 S'000 (restated)
Revenue	27	691,964	542,838
Cost of sales		(475,132)	(378,230)
Gross profit		216,832	164,608
Other operating income	28	4,517	6,586
Administrative expenses		(64,527)	(57,720)
Other operating expenses	28	(3,858)	(8,863)
Finance costs		(25,095)	(25,209)
Share of results of associates and jointly controlled entities before fair value changes in investment properties		61,568	52,561
Profit before income tax and fair value changes in investment properties		189,457	131,961
Gain (Loss) on fair value changes:			
Share of fair value gain(loss) on investment properties of associates		1,920	(486)
Fair value gain on investment properties	19	21,386	28,065
Profit before income tax	28	212,763	159,540
Income tax expense	29	(25,958)	(20,340)
Profit for the year		186,805	139,200
Attributable to:			
Owners of the Company		177,643	129,796
Non-controlling interests		9,160	9,404
		186,805	139,200
Earnings per share (Cents):	30		
- basic		33.19	25.64
- diluted		33.05	25.51

See accompanying notes to financial statements.



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Consolidated Statement of Other Comprehensive Income

Year ended December 31, 2013

	Group 2013 \$'000	2012 \$'000 (restated)
Profit for the year	186,805	139,200
Other comprehensive income (net of tax):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation	490	(393)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(1,765)	(21,004)
Decrease in other capital reserve	(297)	(610)
Share of other comprehensive income of associates and jointly-controlled entities	7,661	(1,769)
	5,599	(23,383)
Other comprehensive income (loss) for the year, net of tax	6,089	(23,976)
<b>Total comprehensive income for the year</b>	<b>192,894</b>	<b>115,224</b>
Attributable to:		
Owners of the Company	183,745	107,260
Non-controlling interests	9,149	7,964
	192,894	115,224

See accompanying notes to financial statements.



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Statements of Changes In Equity

Year ended December 31, 2013

Group	Share capital \$'000	Retained profits \$'000	Other reserves \$'000	Attributable to owners of the Company \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
			(Note 25)					
Balance as at January 1, 2012, as previously reported	684,530	583,569	126,914	1,395,013	—	1,395,013	77,400	1,472,413
Effect of adopting Revised FRS 19	—	(157)	—	(157)	—	(157)	—	(157)
Balance as at January 1, 2012, as restated	684,530	583,412	126,914	1,394,856	—	1,394,856	77,400	1,472,256
Total comprehensive income (loss) for the year								
Profit for the year	—	129,796	—	129,796	—	129,796	9,404	139,200
Other comprehensive loss for the year	—	(571)	(21,965)	(22,536)	—	(22,536)	(1,440)	(23,976)
Total	—	129,225	(21,965)	107,260	—	107,260	7,964	115,224
Transaction with owner, recognised directly in equity								
Recognition of share-based payments	—	—	1,968	1,968	—	1,968	—	1,968
Dividends (Note 31)	—	(25,303)	—	(25,303)	—	(25,303)	—	(25,303)
Net movement during the year	—	—	—	—	—	—	5,779	5,779
Issue of shares	1,609	—	(745)	864	—	864	—	864
Total	1,609	(25,303)	1,223	(22,471)	—	(22,471)	5,779	(16,692)
Issue of perpetual capital securities (Note 26)	—	—	—	—	148,347	148,347	—	148,347
Distribution to perpetual capital securities holders	—	(4,632)	—	(4,632)	—	(4,632)	—	(4,632)
Balance as at December 31, 2012, as restated	686,139	682,702	106,172	1,475,013	148,347	1,623,360	91,143	1,714,503
Total comprehensive income (loss) for the year								
Profit for the year	—	177,645	—	177,645	—	177,645	9,160	186,805
Other comprehensive income (loss) for the year	—	479	5,621	6,100	—	6,100	(11)	6,089
Total	—	178,124	5,621	183,745	—	183,745	9,149	192,894
Transaction with owner, recognised directly in equity								
Recognition of share-based payments	—	—	1,742	1,742	—	1,742	—	1,742
Dividends (Note 31)	—	(38,066)	—	(38,066)	—	(38,066)	—	(38,066)
Acquisition of additional interest in a subsidiary from non-controlling interests	—	—	(24,104)	(24,104)	—	(24,104)	(41,402)	(65,626)
Net movement during the year	—	—	—	—	—	—	5,163	5,163
Issue of shares	1,693	—	(864)	829	—	829	—	829
Total	1,693	(38,066)	(23,286)	(59,659)	—	(59,659)	(36,299)	(93,938)
Distribution to perpetual capital securities holders	—	(9,188)	—	(9,188)	—	(9,188)	—	(9,188)
Balance as at December 31, 2013	687,832	813,572	88,507	1,589,911	148,347	1,738,258	63,993	1,802,251

See accompanying notes to financial statements.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Statements of Changes In Equity

Year ended December 31, 2013

Company	Share capital \$'000	Retained profits \$'000	Other reserves \$'000 (Note 25)	Attributable to owners of the Company \$'000	Perpetual capital securities \$'000	Total equity \$'000
Balance as at January 1, 2012	684,530	32,862	117,033	834,425	—	834,425
Total comprehensive income for the year						
Profit for the year	—	37,492	—	37,492	—	37,492
Total	—	37,492	—	37,492	—	37,492
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	—	—	1,968	1,968	—	1,968
Dividends (Note 31)	—	(25,303)	—	(25,303)	—	(25,303)
Issue of shares	1,609	—	(743)	864	—	864
Total	1,609	(25,303)	1,223	(22,471)	—	(22,471)
Issue of perpetual capital securities (Note 26)	—	—	—	—	148,347	148,347
Distribution to perpetual capital securities holders	—	(4,632)	—	(4,632)	—	(4,632)
Balance as at December 31, 2012	686,139	40,419	118,256	844,814	148,347	993,161
Total comprehensive income for the year						
Profit for the year	—	61,231	—	61,231	—	61,231
Total	—	61,231	—	61,231	—	61,231
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	—	—	1,742	1,742	—	1,742
Dividends (Note 31)	—	(38,066)	—	(38,066)	—	(38,066)
Issue of shares	1,693	—	(864)	829	—	829
Total	1,693	(38,066)	878	(35,495)	—	(35,495)
Distribution to perpetual capital securities holders	—	(9,188)	—	(9,188)	—	(9,188)
Balance as at December 31, 2013	687,832	54,396	119,134	861,362	148,347	1,009,709

See accompanying notes to financial statements.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Group	
	2013	2012
	\$'000	\$'000
		(restated)
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	149,275	107,465
Adjustments for:		
Amortisation of intangible assets	324	322
Depreciation expense	46,434	50,113
Share-based payment expense	1,742	1,968
Impairment of intangible assets	-	3,088
Impairment of available-for-sale investments	1,931	1,483
Fair value gain in investment properties	(21,386)	(28,065)
Loss on liquidation of jointly controlled entity	-	60
Loss (Gain) on disposal of property, plant and equipment	59	(192)
Finance costs	25,095	25,209
Interest income	(1,578)	(1,974)
Dividend income	(86)	(185)
Operating cash flows before movements in working capital	201,830	159,292
Trade and other payables	20,082	(2,435)
Completed properties held for sale	9,354	8,729
Development properties and expenditure	(79,322)	30,708
Receivables and prepayments	6,480	(5,010)
Held-for-trading investments	202	10,032
Inventories	(524)	(134)
Cash generated from operations	158,102	201,182
Dividend received	86	185
Income tax paid	(19,629)	(17,032)
Net cash from operating activities	138,559	184,335
<b>Cash flows used in investing activities:</b>		
Acquisition of additional interest in a subsidiary	(65,626)	-
Additional property, plant and equipment	(41,228)	(40,070)
Deposits placed for investments	(25,290)	-
Net cash from (investment in) associates and jointly controlled entities	30,842	(138,361)
Proceeds from disposal of available-for-sale investment	15,844	-
Proceeds from disposal of property, plant and equipment	784	1,029
Cash used in investing activities	(84,674)	(177,402)

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Consolidated Statement of Cash Flows

Year ended December 31, 2013

	2013 \$'000	Group 2012 \$'000 (restated)
Cash flows (used in) from financing activities:		
Interest received	1,578	1,974
Finance costs paid	(31,226)	(31,520)
Dividend paid	(38,066)	(25,303)
Distribution to perpetual capital securities holders	(9,188)	(4,632)
Non-controlling shareholders	4,209	6,664
Additional borrowings	306,669	251,465
Repayment of borrowings	(256,710)	(345,532)
Decrease in deposits under pledge to bank	107	195
Net proceeds from issue of perpetual capital securities	-	148,347
Proceeds from issue of shares	829	864
Cash (used in) from financing activities	(21,798)	2,522
Net increase in cash and cash equivalents	32,087	9,455
Cash and cash equivalents at beginning of year	79,827	72,477
Effect of exchange rate changes on cash balances held in foreign currencies	64	(3,105)
Cash and cash equivalents at end of year	111,978	79,827

The cash and cash equivalents as at December 31, 2013, for the purposes of Consolidated Statement of Cash Flow, comprise of cash and bank balances less deposits pledged to banks (Note 6).

## Notes to Financial Statements

December 31, 2013

### 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 501 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 jointly controlled entities are described in Notes 35, 36 and 37 respectively to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2013 were authorised for issue by the Board of Directors on March 25, 2014.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost basis, 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").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**ADOPTION OF NEW AND REVISED STANDARDS** – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2013. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies except as disclosed below:

#### **Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income***

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

#### **Amendments to FRS 19 *Employee Benefits* (revised)**

In the current year, the Group has applied FRS 19 *Employee Benefits* (revised) and the related consequential amendments on January 1, 2013. The amendments to FRS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of FRS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The effects of retrospective application are disclosed in the statement of changes in equity and Note 38 to the financial statements.

#### **FRS 113 *Fair Value Measurement***

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarity to fair value but are not fair value (e.g. net realisable value for the purpose of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

#### **FRS 110 *Consolidated Financial Statements* and FRS 27 (Revised) - *Separate Financial Statements***

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. FRS 27 remains as a standard applicable only to separate financial statements. FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

#### **FRS 111 *Joint Arrangements* and FRS 28 (Revised) *Investments in Associates and Joint Ventures***

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

Under FRS 28 (Revised) *Investments in Associates and Joint Ventures*, the joint venturer should use the equity method to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the joint venturer directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

#### **FRS 112 *Disclosure of Interests in Other Entities***

FRS 112, which will take effect from financial years beginning on or after January 1, 2014, requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

#### **Amendments to FRS 32 *Financial Instruments: Presentation***

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.



## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Amendment to FRS 36 *Impairment of Assets***

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversal, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

Management is currently evaluating the impact of these FRSs and amendments and anticipates that the adoption of above FRSs and amendments to FRS in future periods is not expected to have any material impact on the financial statements of the Group and the Company in the period of initial adoption.

**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 income statement and statement of other comprehensive income 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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**BUSINESS COMBINATION** – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of each acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed by the Group, and any equity interests issued by the Group, in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent adjustments are recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

#### **Financial assets**

Investments are recognised and de-recognised 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 profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Impairment losses recognised in profit or loss for available-for-sale equity instruments are not subsequently reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated in other capital reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Trade and other receivables and amount due from subsidiaries, associates and jointly controlled entities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest 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 profit or loss 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, demand deposits (net of deposits pledged), bank overdrafts 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.

#### **Financial liabilities**

Trade and other payables and amount due to subsidiaries are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest 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 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.



# Notes to Financial Statements

December 31, 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Equity instruments

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.

### 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 in other comprehensive income and the ineffective portion is recognised directly in profit or loss. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item. On an ongoing basis, the Group reviews the hedging relationship for effectiveness.

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 previously recognised in other comprehensive income is reclassified to profit or loss 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 plus, where appropriate, a portion of the attributable profit, net of progress billings. The cost of property under development includes land cost, acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised as part of the cost of the development property until the completion of development.

Revenue and costs are recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs on a continuous transfer basis as construction progresses. Under the percentage of completion method, profits are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. 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.

## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue and costs are recognised based on the completion of construction method when the transfer of significant risks and rewards of ownership coincides with the time when the property is completed or when the development units are delivered to the purchasers.

**COMPLETED PROPERTIES HELD FOR SALE** – Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is calculated using the specific identification method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

**ASSOCIATES AND JOINTLY CONTROLLED ENTITIES** – An associate is an enterprise over which the Group has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. 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. A jointly controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

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

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 equity accounted investees 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 profit or loss.

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

The gain or loss arising on the disposal of an equity accounted investee of the Group is determined as the difference between the sales proceeds and its net carrying amount and is recognised in profit or loss. Amounts previously recognised in other comprehensive income in relation to the equity accounted investee are reclassified from equity to profit or loss (as a reclassification adjustment) upon disposal.

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

# Notes to Financial Statements

December 31, 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Properties in the course of construction 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 counts. 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	5 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 the end of each reporting period, 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. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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 profit or loss. On the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained profits.

**INVESTMENT PROPERTIES** - Investment properties are held on a long-term basis for investment potential and income. Investment properties are measured initially at their cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value basis. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.

**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 20 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill is not amortised but is reviewed for impairment at least annually. 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.



## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL** - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) 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 for which the estimates of future cash flows have not been adjusted.

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 profit or loss, 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 or loss, unless the relevant asset (cash-generating unit) 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's accounting policy for borrowing costs.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received or receivable 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.

**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 end of the reporting period, 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.



## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**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.

**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 Group; and
  - the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- b) Revenue from development properties is recognised in accordance with the Group's accounting policy on development properties (see above);
- c) 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;
- d) Rental income is recognised on a straight-line basis over the term of the relevant lease;
- e) Management fee income is recognised when services are rendered;
- f) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and
- g) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**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 profit or loss 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.

## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For defined benefit retirement benefit plans, the cost of providing benefits is determined by actuarial valuations carried out at the end of each reporting period. Remeasurement, comprising actuarial gains or losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in the profit or loss in the period of a plan amendment.

**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 income 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 end of the reporting period.

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, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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 profit or loss, 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.

## Notes to Financial Statements

December 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**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 statement of financial position 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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 at the end of the reporting period. 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 recognised in other comprehensive income and accumulated in 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 recognised in other comprehensive income and accumulated in exchange fluctuation reserve (attributed to non-controlling interest, as appropriate). Such reserves are reclassified from equity to profit or loss (as a reclassification adjustment) on disposal.

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, investment properties and financial derivatives; and
- (iii) the assessment of adequacy of provision for income taxes. The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes.



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

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. Actual results may differ from these estimates. The carrying amounts of the above are disclosed in the respective notes to the financial statements.

#### 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
	(restated)			
<b>Financial assets</b>				
Held-for-trading investments	3,140	3,342	-	-
Advances and receivables (including cash and bank balances)	537,290	582,558	1,284,462	1,198,763
Available-for-sale investments	7,352	25,624	-	-
<b>Financial liabilities</b>				
Other financial liabilities	1,174,041	1,089,417	635,538	583,823

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 management

The Group's and the Company's exposure to the risk of changes in interest rates relates mainly to bank borrowings and advances to and from subsidiaries respectively. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Hedging instruments such as interest rate swaps are also used where appropriate to minimise its exposure to interest rate volatility.

##### Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposures to interest rates for significant non-derivatives instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

At the end of the reporting period, it is estimated that a 50 basis point change in interest rates would affect the Group's and Company's profit before tax by approximately \$2.6 million and \$2.4 million respectively (2012: \$2.8 million and \$2.3 million respectively).

##### Foreign exchange risk management

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, Chinese renminbi, Thai baht, and Malaysian ringgit.

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

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

At the reporting date, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States dollars	75,283	64,909	45,173	51,899	—	—	266	635
Sterling pounds	142,446	99,957	—	32,196	11,834	—	11,851	—
Chinese renminbi	—	—	42,654	38,446	—	—	—	—
Thai baht	—	—	56,852	56,236	—	—	—	—
Malaysian ringgit	—	—	10,004	10,500	—	—	—	—

##### Foreign currency sensitivity

The sensitivity analysis uses a 10% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items not designated as hedge and adjusts their translation at the year end for a 10% change in foreign currency rates. The following table details the sensitivity to a 10% increase/decrease in the functional currency against the relevant foreign currencies. If the functional currency strengthens by 10% against the relevant foreign currency, profit before tax and other equity will increase (decrease) by:

	US dollar impact		Sterling pound impact		Chinese renminbi impact	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
Profit before tax	(456)	(745)	—	—	—	—
Other equity	3,467	2,046	14,245	6,776	(4,265)	(3,845)
<b>Company</b>						
Profit before tax	(27)	(64)	(4)	—	—	—
	Thai baht impact		Malaysian ringgit impact			
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
Profit before tax	—	—	—	—	—	—
Other equity	(5,685)	(5,624)	(1,000)	(1,050)		
<b>Company</b>						
Profit before tax	—	—	—	—		

If the functional currency weakens by 10% against the relevant foreign currency, profit before tax and other equity will (increase) decrease by the same amounts.

##### Credit risk management

The Group has a diversified portfolio of businesses and at the end of the reporting period, there was no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

provider in its respective segments of business. The Group and the Company have considered the credit quality of the advances and receivables and determined that the amounts are considered recoverable except as disclosed.

The carrying amount of advances and receivables (including cash and bank balances) represents the maximum credit risk exposure for the Group and the Company at the end of the reporting period.

##### Liquidity risk management

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.

##### Liquidity risk analysis

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments:

		Contractual cash flows (including interest payments)			
	Carrying amount \$'000	Total \$'000	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000
<b>Group</b>					
<b>2013</b>					
Non-interest bearing	116,494	116,494	116,494	-	-
Interest bearing	1,057,547	1,163,116	343,203	596,286	223,627
	1,174,041	1,279,610	459,697	596,286	223,627
<b>2012 (restated)</b>					
Non-interest bearing	96,142	96,142	96,142	-	-
Interest bearing	993,275	1,065,899	158,444	821,341	86,114
	1,089,417	1,162,041	254,586	821,341	86,114
<b>Company</b>					
<b>2013</b>					
Non-interest bearing	74,491	74,491	74,491	-	-
Interest bearing	561,047	654,890	20,023	413,117	221,750
	635,538	729,381	94,514	413,117	221,750
<b>2012</b>					
Non-interest bearing	69,971	69,971	69,971	-	-
Interest bearing	513,832	568,108	104,717	379,336	84,055
	583,823	638,079	174,688	379,336	84,055

The Group and the Company have provided corporate guarantees of \$30 million (2012: \$37 million) and \$515 million (2012: \$512 million) to financial institutions in respect of credit facilities granted to certain associates and certain subsidiaries respectively at the end of the reporting period. The earliest period that the corporate guarantees could be called is within 1 year (2012: 1 year) from the end of the reporting period. Based on expectations at the end of the reporting period, the Group and the Company consider that it is more likely than not that no amount will be payable under the arrangements. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. The Group and the Company have also obtained bankers' guarantees as disclosed in Note 21.



## Notes to Financial Statements

December 31, 2013

### 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

The Group's financial assets are due on demand or within 1 year, except for the certain advances to associates (Note 13) and jointly controlled entities (Note 14) of which approximately 75% is due within 2 to 5 years. The Company's financial assets are due on demand or within 1 year except for advances to subsidiaries (Note 15).

#### Market risk management

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 quoted securities or factors affecting all securities traded in the market.

The Group has invested in various securities. The valuations and liquidity of these investments are subject to market risk.

At the end of the reporting period, it is estimated that a 10% change in market prices would have an impact on the Group's profit before tax and equity for the year by approximately \$0.3 million (2012: \$0.3 million) and \$0.7 million (2012: \$2.4 million) respectively.

#### Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The total capital of the Group as at the end of the reporting period is represented by the "Equity attributable to owners of the Company" as presented on the statements of financial position.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the years ended December 31, 2013 and December 31, 2012.

#### Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, 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 and financial assets comprising mainly long-term borrowings and certain advances to equity accounted entities and subsidiaries approximate their respective fair values as they are based on interest rates that approximate market interest rates except as disclosed in Note 21(a).

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 unquoted financial instruments are determined in accordance with Note 16.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

The table below analyses financial instruments carried at fair value, by valuation method.

	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Group</b>				
<b>2013</b>				
<b>Financial assets</b>				
Held-for-trading investments	3,140	3,140	–	–
Available-for-sale investments	7,552	7,323	–	*229
<b>Total</b>	<b>10,692</b>	<b>10,463</b>	<b>–</b>	<b>229</b>
<b>2012</b>				
<b>Financial assets</b>				
Held-for-trading investments	3,342	3,342	–	–
Available-for-sale investments	25,624	24,239	1,385	–
<b>Total</b>	<b>28,966</b>	<b>27,581</b>	<b>1,385</b>	<b>–</b>

\* The key unobservable input used to determine the fair value of the available for sale investments is the net asset value. The higher the net asset value, the higher the fair value of the investments.

#### 5. RELATED PARTY TRANSACTIONS

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.

a) Significant transactions with such related parties during the year, other than those disclosed elsewhere in the financial statements, are as follows:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	760	814
Management fee income	(837)	(404)
Rental income	(12,453)	(13,387)
Transactions with associates:		
Management fee income	(1,579)	(1,772)

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

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term benefits	10,174	15,048
Post-employment benefits	329	344
Share-based payments	1,436	1,672
	<b>19,939</b>	<b>17,064</b>

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 6. CASH AND BANK BALANCES

- As at December 31, 2013, cash and bank balances of approximately \$3,353,000 (2012: \$3,362,000) were pledged to the banks to secure certain credit facilities.
- Included in cash and bank balances is an amount of approximately \$1,326,000 (2012: \$18,090,000) held under the "Housing Developers' (Project Account) Rules", withdrawals from which are restricted to payments for expenditure incurred on the development property.
- The bank deposits of the Group bear annual interest ranging from 0% to 2.2% (2012: 0% to 2.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

#### 7. HELD-FOR-TRADING INVESTMENTS

	Group 2013 \$'000	2012 \$'000
Quoted equity shares, at fair value	3,140	3,342

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

#### 8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables	22,607	27,773	1,859	1,808
Less: Allowances for doubtful receivables	(734)	(744)	-	-
	22,373	27,529	1,859	1,808
Deposits placed for investments	25,290	-	-	-
Other deposits	2,884	2,929	323	643
Other receivables	2,179	2,432	197	211
Prepayments	7,575	7,740	594	302
Total	60,301	40,630	2,973	2,964

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 8. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in allowance for doubtful receivables:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	244	350	—	12
Amount written off during the year	(61)	(237)	—	(3)
Net increase (decrease) in allowance recognised in profit or loss	50	139	—	(9)
Exchange realignment	1	(8)	—	—
Balance at end of year	234	244	—	—

Interest is charged at rates ranging from 14% to 18% (2012: 14% to 18%) per annum on certain overdue trade balances. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and objective evidence of impairment which includes ageing of receivables and the financial condition of the debtor.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable. The concentration of credit risk is limited due to the customer base being large and unrelated to one another.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$2.2 million (2012: \$3.9 million) which are past due as at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 49 days (2012: 51 days).

#### 9. INVENTORIES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Saleable merchandise	6,414	5,894	297	620
Operating supplies	2,436	2,284	—	—
Total	8,850	8,178	297	620

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 10. DEVELOPMENT PROPERTY

	Group 2013 \$'000	2012 \$'000
Cost incurred and attributable profits	535,622	402,083
Less: Progress payments received	(177,224)	(130,333)
Net	358,398	271,750

Finance costs of \$7,295,000 (2012: \$7,403,000) arising from financing specifically entered into for the development property were capitalised during the year. The rates of interest relating to finance costs capitalised ranged from 2.0% to 3.5% (2012: 2.0% to 3.4%) per annum.

The development property is mortgaged to a bank to secure certain credit facilities (Note 21).

#### 11. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	24 (2012: 56) condominium units with an aggregate floor area of approximately 52,190 (2012: 77,233) square feet

#### 12. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group 2013 \$'000	2012 \$'000	Company 2013 \$'000	2012 \$'000
Associates (Note 13)	475,545	539,818	1,061	1,061
Jointly controlled entities (Note 14)	250,297	154,654	-	-
	725,842	694,472	1,061	1,061
Amount due from associates - current (Note 13)	62,790	43,882	7,041	7,731



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 13. ASSOCIATES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cost of investments in associates <sup>(1)</sup>	248,734	224,672	245	245
Share of post-acquisition results and reserves net of dividend received	(91,457)	(129,653)	-	-
Advances to associates <sup>(2)</sup>	318,268	444,798	810	810
Net	475,545	539,818	1,061	1,061

<sup>(1)</sup> During the financial year, equity contribution of \$1,289,000 (2012: \$31,146,000) was made in an associate of the Group in which a director is deemed to have interest.

<sup>(2)</sup> Advances to associates amounting to \$284,970,000 (2012: \$376,404,000) bear interest ranging from 2.1% to 3.9% (2012: 1.4% to 4.1%) per annum and the rest are in substance net investment.

As at December 31, 2013, the amounts due from associates (classified as current asset) to the Group and Company are unsecured, interest-free and repayable on demand, except for the amount of \$34,151,000 (2012: \$6,974,000) due to the Group which bears interest ranging from 1.3% to 7.7% (2012: 6.0% to 8.3%) per annum.

Information relating to significant associates is shown in Note 36 to the financial statements.

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

	Group	
	2013 \$'000	2012 \$'000
<b>Statement of financial position</b>		
Total assets	4,117,569	4,971,506
Total liabilities	(3,595,401)	(4,629,064)
Net assets	522,168	342,442
<b>Income statement</b>		
Revenue	2,576,964	1,234,084
Profit for the year	213,431	197,283
Group's share of results of associates	64,840	52,210



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 14. JOINTLY CONTROLLED ENTITIES

	Group	
	2013	2012
	\$'000	\$'000
Cost of investments in jointly controlled entities	188,513	93,762
Share of post-acquisition results and reserves	(11,918)	(11,358)
Advances to jointly controlled entities <sup>(1)</sup>	73,702	72,250
Total	250,297	154,654

<sup>(1)</sup> Advances to a jointly controlled entity amounting to \$49,647,000 (2012: \$49,122,000) bears interest at 6.4% (2012: ranging from 6.4% to 6.6%) per annum and is secured by a property of the jointly controlled entity. The rest of the advances are in substance net investment.

Information relating to significant jointly controlled entities is shown in Note 37 to the financial statements.

Summarised financial information in respect of the Group's jointly controlled entities is set out below:

	Group	
	2013	2012
	\$'000	\$'000
<b>Statement of financial position</b>		
Total assets	672,413	331,610
Total liabilities	(492,626)	(195,129)
Net assets	179,787	136,481
<b>Income statement</b>		
Revenue	11,577	1,250
Loss for the year	(11,075)	(4,748)
Group's share of results of jointly controlled entities	(1,352)	(135)

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 15. SUBSIDIARIES

	Company	
	2013 \$'000	2012 \$'000
Total advances to subsidiaries	1,266,589	1,197,676
Less: Impairment loss	(18,417)	(18,417)
	1,248,172	1,179,259
Less: Amount due from subsidiaries classified as current asset	(720,333)	(646,013)
Non-current advances to subsidiaries	527,839	533,246
Unquoted equity shares, at cost	131,904	131,078
Total	659,743	684,324

As at December 31, 2013, advances to subsidiaries of \$127,839,000 (2012: \$533,246,000) bear interest at rates ranging from 1.2% to 3.7% (2012: 1.2% to 3.6%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of \$720,333,000 (2012: \$646,013,000) are unsecured, interest-free and repayable on demand.

Impairment loss is determined based on estimated irrecoverable amounts by reference to the financial conditions of the subsidiaries.

As at December 31, 2013, the amounts due to subsidiaries of \$44,456,000 (2012: \$44,456,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of \$60,368,000 (2012: \$129,804,000) bear interest at rates ranging from 1.4% to 2.4% (2012: 1.4% to 2.6%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to \$12,081,000 (2012: \$13,067,000).

Information relating to subsidiaries is shown in Note 35 to the financial statements.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 16. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2013 \$'000	2012 \$'000
<b>Current</b>		
Quoted debt securities, at fair value	-	16,207
<b>Non-Current:</b>		
Unquoted equity shares, at fair value	229	1,385
Quoted debt securities, at fair value	7,323	8,032
<b>Total</b>	<b>7,552</b>	<b>9,417</b>

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values. The fair values of the quoted debt securities are determined based on market prices at the end of the reporting period. The quoted debt securities bear fixed interest rate at 5.1% (2012: 5.1% to 7.3%) per annum. The total available-for-sale investments at fair value is net of an impairment loss of \$1.9 million (2012: \$1.5 million).

#### 17. OTHER LONG-TERM PREPAYMENTS

	Group 2013 \$'000	2012 \$'000
Prepaid rent	454	519
Less: Current portion of prepaid rent included in prepayments (Note 8)	(81)	(79)
	<b>373</b>	<b>440</b>

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 18. 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
<b>Group</b>						
<b>Cost or valuation:</b>						
At January 1, 2012	446,259	116,372	618,760	563,574	6,590	1,552,055
Additions	-	-	10,913	18,695	10,463	40,070
Reclassification	-	-	7,729	3,427	(11,156)	-
Disposals	-	-	(167)	(5,467)	-	(5,634)
Exchange realignment	(4,337)	-	(26,424)	(9,686)	(321)	(40,768)
At December 31, 2012	441,922	116,372	610,811	570,543	5,575	1,545,723
Additions	3,362	-	5,104	18,691	14,071	41,228
Reclassification	-	-	1,663	1,921	(3,584)	-
Disposals	-	-	(125)	(9,107)	-	(9,232)
Exchange realignment	(1,114)	-	4,503	(753)	226	2,862
At December 31, 2013	444,170	116,372	621,956	581,295	16,288	1,580,581
<b>Comprising:</b>						
December 31, 2012						
At cost	87,129	116,372	610,811	370,543	5,575	1,190,930
At valuation	354,793	-	-	-	-	354,793
	441,922	116,372	610,811	370,543	5,575	1,545,723
December 31, 2013						
At cost	90,057	116,372	621,956	581,295	16,288	1,226,468
At valuation	354,113	-	-	-	-	354,113
	444,170	116,372	621,956	581,295	16,288	1,580,581
<b>Accumulated depreciation:</b>						
At January 1, 2012	13,362	30,312	232,422	279,981	-	555,977
Depreciation for the year	736	1,113	19,393	38,672	-	50,113
Disposals	-	-	(75)	(4,722)	-	(4,797)
Exchange realignment	(793)	-	(9,614)	(7,810)	-	(18,217)
At December 31, 2012	13,305	31,425	242,125	296,121	-	583,076
Depreciation for the year	854	1,113	19,895	24,392	-	46,454
Disposals	-	-	(95)	(8,294)	-	(8,389)
Exchange realignment	436	-	419	(631)	-	204
At December 31, 2013	14,595	32,538	262,344	311,568	-	621,345
<b>Impairment loss:</b>						
At January 1, 2012	279	-	-	-	-	279
Exchange realignment	(6)	-	-	-	-	(6)
At December 31, 2012	273	-	-	-	-	273
Exchange realignment	(9)	-	-	-	-	(9)
At December 31, 2013	264	-	-	-	-	264
<b>Carrying amount:</b>						
At December 31, 2012	428,344	85,347	368,686	74,422	5,575	962,374
At December 31, 2013	429,311	84,834	359,612	69,727	16,288	958,972

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 18. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold and leasehold land \$'000	Buildings and improvements \$'000	Plant and equipment, furniture, fixtures and fittings \$'000	Construction- in- progress \$'000	Total \$'000
<b>Company</b>					
<b>Cost or valuation:</b>					
At January 1, 2012	208,800	24,890	94,272	315	328,277
Additions	-	-	2,803	49	2,852
Reclassifications	-	-	105	(105)	-
Disposals	-	(11)	(2,733)	-	(2,743)
At December 31, 2012	208,800	24,879	94,448	259	328,386
Additions	-	-	4,023	329	5,152
Reclassifications	-	-	567	(567)	-
Disposals	-	-	(2,124)	-	(2,124)
At December 31, 2013	208,800	24,879	97,714	21	331,414
<b>Comprising:</b>					
<b>December 31, 2012</b>					
At valuation	208,800	-	-	-	208,800
At cost	-	24,879	94,448	259	119,586
	208,800	24,879	94,448	259	328,386
<b>December 31, 2013</b>					
At valuation	208,800	-	-	-	208,800
At cost	-	24,879	97,714	21	122,614
	208,800	24,879	97,714	21	331,414
<b>Accumulated depreciation:</b>					
At January 1, 2012	-	17,036	83,382	-	100,418
Depreciation for the year	-	420	3,733	-	4,153
Disposals	-	(11)	(2,525)	-	(2,536)
At December 31, 2012	-	17,445	84,590	-	102,035
Depreciation for the year	-	419	3,169	-	3,588
Disposals	-	-	(1,827)	-	(1,827)
At December 31, 2013	-	17,864	85,932	-	103,796
<b>Carrying amount:</b>					
At December 31, 2012	208,800	7,434	9,858	259	226,351
At December 31, 2013	208,800	7,015	11,782	21	227,618

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 revaluation surplus of the Company and of the Group has been recorded in the asset revaluation reserve. Subsequent to the above one-off revaluation, no further revaluation was done after the adoption of FRS 16 *Property, Plant and Equipment*.

Had the total freehold and long-term leasehold land been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amounts for the Group and Company would have been approximately \$194 million (2012: \$192 million) and \$98 million (2012: \$98 million) respectively.



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 18. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As at December 31, 2013, certain property, plant and equipment with total carrying amount of \$841 million (2012: \$835 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group. The carrying amount of the Group's plant and equipment include an amount of \$Nil (2012: \$395,000) held under finance lease.

#### 19. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to \$27 million (2012: \$28 million) and \$8.6 million (2012: \$8.6 million) respectively for the year ended December 31, 2013.

For the year ended December 31, 2013, fair value gain recognised amounted to \$21.4 million (2012: \$28.1 million).

Certain investment properties amounting to approximately \$650 million as at December 31, 2013 (2012: \$630 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

The fair values of the investment properties at December 31, 2013, and 2012 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification based on income capitalisation approach and direct comparison method that reflects prevailing property market conditions and existing tenancies as at the respective dates.

Details of the investment properties and information about the fair value hierarchy as at December 31, 2013 are as follows:

	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Group</b>				
Investment properties	683,012	-	-	683,012

The Group considers certain unobservable inputs used by the independent valuers in determining the fair value measurement of the Group's investment properties as sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/decrease in the fair valuation as follows:

- (a) The higher the rental, the higher the fair value;
- (b) The higher the capitalisation rate which range from 2.5% to 4.8%, the lower the fair value; and
- (c) The higher the transacted price of comparable units which range from \$11,800 to \$37,000 per square metre, the higher the fair value.

#### 20. INTANGIBLE ASSETS

	Goodwill \$'000	Franchise rights \$'000	Total \$'000
<b>Group</b>			
<b>Cost:</b>			
At January 1, 2012	11,257	6,194	17,451
Exchange realignment	(345)	(116)	(461)
At December 31, 2012	10,912	6,078	16,990
Exchange realignment	189	(126)	63
At December 31, 2013	11,101	5,952	17,053



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 20. INTANGIBLE ASSETS (cont'd)

	Goodwill \$'000	Franchise rights \$'000	Total \$'000
<b>Group</b>			
Accumulated amortisation:			
At January 1, 2012	—	3,599	3,599
Amortisation charged against other operating expense	—	322	322
Exchange realignment	—	(60)	(60)
At December 31, 2012	—	3,861	3,861
Amortisation charged against other operating expense	—	324	324
Exchange realignment	—	(79)	(79)
At December 31, 2013	—	4,106	4,106
Impairment loss:			
At January 1, 2012	3,287	—	3,287
Impairment charged against other operating expense	3,088	—	3,088
Exchange realignment	(210)	—	(210)
At December 31, 2012	6,165	—	6,165
Exchange realignment	189	—	189
At December 31, 2013	6,354	—	6,354
Carrying amount:			
At December 31, 2012	4,747	2,217	6,964
At December 31, 2013	4,747	1,846	6,593

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 carrying amount of goodwill attributable to certain property, plant and equipment is approximately \$4.7 million (2012: \$4.7 million) respectively.

The recoverable amounts of the CGU are determined from professional valuations based on income approach (2012: value-in-use calculations or professional valuations) on properties held by the CGUs.

The key assumptions for the value-in-use calculations in the previous financial year were those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the previous period. Management estimated discount rates using pre-tax rate that reflected current market assessments of the time value of money and the risk specific to the CGUs. The growth rate and changes in revenue and direct costs were based on past practices and expectations of future changes in the market. The value-in-use calculations used cash flow projections based on financial budgets. Cash flow projections were prepared for the next three years or longer taking into account remaining useful lives of the CGUs using estimated growth rate of 0%. The rate used to discount the forecasted cash flow was 5%.

Arising from the above, an impairment loss of \$3.1 million was charged during the previous financial year.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 21. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Due after twelve months</b>				
Long-term bank loans	250,922	561,947	11,727	–
Notes payable	488,952	294,078	488,952	294,078
Other long-term liabilities	2,889	3,038	–	–
	742,763	859,063	500,679	294,078
<b>Due within twelve months</b>				
Current portion of long-term bank loans	314,531	43,998	–	–
Notes payable	–	89,970	–	89,970
Current portion of other long-term liabilities	253	244	–	–
	314,784	134,212	–	89,970
Current portion of hire purchase creditors (Note 22)	–	373	–	–
	314,784	134,585	–	89,970
<b>Bankers' guarantees</b>	<b>25,342</b>	<b>25,535</b>	<b>435</b>	<b>482</b>

- a) During the year, bank loans (secured), notes payable (unsecured) and other long-term liabilities (secured) bear floating interest rates ranging from 1.1% to 5.0% (2012: 1.2% to 7.1%) per annum, and certain notes payable (unsecured) bear fixed interest rates ranging from 3.1% to 4.1% (2012: 3.4% to 5.3%) per annum. The carrying amount and fair value of these notes are \$488,952,000 and \$513,935,000 (2012: \$384,048,000 and \$396,515,000) respectively. The notes are classified under level 2 of the fair value hierarchy and the fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate. The facilities are repayable from 2014 to 2026 (2012: 2013 to 2026).
- b) Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 10, 18 and 19); subordinated mortgages over certain subsidiaries' lease rights; 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; certain subsidiaries and certain non-controlling shareholders.
- c) Bank loans and other long-term liabilities at floating interest rates are contractually repriced on a short-term basis, typically six months or less.
- d) As at December 31, 2012, the Group had a finance lease arrangement to acquire certain equipment. The lease term was 5 years and interest rate was fixed at 6% per annum. The minimum lease payments payable and its present value had amounted to \$0.4 million each.
- e) The Group has obtained bankers' guarantees in favour of various statutory boards and government regulatory authorities. These guarantees are secured by the assets and undertakings as disclosed in (b) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
	(restated)			
Trade payables	64,701	50,602	5,994	5,997
Accrued employee-related expenses	28,152	24,237	14,598	11,795
Accrued operating expenses	15,528	14,090	3,657	3,290
Amount payable relating to acquisition of capital assets	359	700	-	-
Current portion of hire purchase creditors (Note 21)	-	373	-	-
Due to companies in which certain directors have interests*	388	305	-	-
Interest payable to non-related companies	6,607	5,170	5,390	4,049
Others	669	665	396	384
Total	116,494	96,142	30,035	25,515

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

The average credit period on purchases of goods and services ranges from 1 to 2 months (2012: 1 to 2 months).

#### 23. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	(4,509)	(2,307)	-	-
Deferred tax liabilities	28,729	17,175	1,017	939
Net	23,720	14,868	1,017	939

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

	Tax losses	Net accelerated tax depreciation	Temporary differences arising from recognition of profits on uncompleted projects	Other temporary differences	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At January 1, 2012	(747)	8,376	1,084	3,885	12,598
Charge to (Reversal from) profit or loss	348	(1,924)	3,221	838	2,483
Exchange realignment	-	(221)	-	8	(213)
At December 31, 2012	(399)	6,231	4,305	4,731	14,868
Charge to (Reversal from) profit or loss	164	(2,286)	10,271	644	8,793
Exchange realignment	-	62	-	(3)	59
At December 31, 2013	(235)	4,007	14,576	5,372	23,720

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 23. DEFERRED TAX ASSETS / LIABILITIES (cont'd)

	Accelerated tax depreciation \$'000
<b>Company</b>	
At January 1, 2012	1,124
Reversal from profit or loss	(185)
At December 31, 2012	939
Charge to profit or loss	73
At December 31, 2013	1,012

#### 24. SHARE CAPITAL AND OPTIONS

	2013	Group and Company 2012	2013	2012
	Number of ordinary shares		\$'000	\$'000
<b>Issued and fully paid:</b>				
At beginning of year	507,059,351	506,067,851	686,139	684,530
Issue of shares	996,900	991,500	1,693	1,609
At end of year	508,056,251	507,059,351	687,832	686,139

The company has one class of ordinary shares which carries no right to fixed income and has no par value.

Under the Hotel Properties Limited Share Option Scheme 2000 ("Scheme 2000") and the Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"), options to subscribe for the Company's ordinary shares may be granted to executives of the Company. The schemes are administered by the Remuneration Committee. The exercise price of the granted options was determined based on the average last business day price for the shares of the Company for the three and five market days preceding the date of grant for Scheme 2000 and Scheme 2010 respectively. 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:

	2013	Group and Company 2012	2013	2012
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the year	10,190,000	2.11	9,275,000	2.04
Granted during the year	1,580,000	2.52	1,580,000	2.02
Exercised during the year	(645,000)	1.29	(755,000)	1.145
Outstanding at the end of the year	11,015,000	2.21	10,100,000	2.11
Exercisable at the end of the year	7,875,000	2.19	6,940,000	2.18



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 24. SHARE CAPITAL AND OPTIONS (cont'd)

The weighted average market price at the date of exercise for share options exercised during the year was \$3.44 (2012: \$2.70). The options outstanding at the end of the year have a weighted average remaining contractual life of 6.1 (2012: 6.4) years.

The estimated fair value of the options granted during the year is \$0.49 (2012: \$0.56). The fair value determined using The Black-Scholes pricing model was based on a share price of \$3.11 (2012: \$2.58) at the date of grant, and an expected life of 2 years (2012: 2 years). The risk-free interest rate is based on the yield curve of Singapore Government securities as at grant date. The expected volatility is 26% (2012: 30%) based on historical volatility of the Company's share prices over the previous 2.5 years (2012: 2.5 years).

The Company also has a Hotel Properties Limited Performance Share Plan that is administered by the Remuneration Committee. Fully paid shares are awarded to participants taking into consideration certain performance criteria and vesting period. Details of the performance shares outstanding during the year are as follows:

	Group and Company	
	2013 Number of performance shares	2012 Number of performance shares
Outstanding at the beginning of the year	1,759,500	1,996,000
Released during the year	(351,900)	(736,500)
Outstanding at the end of the year	1,407,600	1,259,500

The Group recognised total expenses of \$1,742,000 (2012: \$1,968,000) related to equity-settled share-based payment transactions during the year.

#### 25. OTHER RESERVES

	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Total \$'000
<b>Group</b>						
Balance as at January 1, 2012	221,479	(101,106)	(49)	6,248	3,342	126,914
Recognition of share-based payments	-	-	-	1,968	-	1,968
Total comprehensive income (loss) for the year	-	(21,401)	20	-	(584)	(21,965)
Transfer during the year	-	-	-	(745)	-	(745)
Balance as at December 31, 2012, as restated	221,479	(123,507)	(29)	7,471	2,758	106,172
Recognition of share-based payments	-	-	-	1,742	-	1,742
Acquisition of additional interest in a subsidiary from non-controlling interests	-	-	-	-	(24,164)	(24,164)
Total comprehensive income (loss) for the year	-	*5,889	29	-	(297)	5,621
Transfer during the year	-	-	-	(864)	-	(864)
Balance as at December 31, 2013	221,479	(119,618)	-	8,349	(21,703)	88,507

\* Includes exchange difference realised upon disposal of certain foreign operations amounting to \$8.6 million.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 25. OTHER RESERVES (cont'd)

	Asset revaluation reserve £'000	Option reserve £'000	Total £'000
<b>Company</b>			
Balance as at January 1, 2012	110,785	6,248	117,033
Recognition of share-based payments	-	1,968	1,968
Transfer during the year	-	(745)	(745)
Balance as at December 31, 2012	110,785	7,471	118,256
Recognition of share-based payments	-	1,742	1,742
Transfer during the year	-	(864)	(864)
Balance as at December 31, 2013	110,785	8,349	119,134

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

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

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

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.

Other capital reserves include the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired, as well as reserve on consolidation which 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 from non-controlling shareholders.



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 26. PERPETUAL CAPITAL SECURITIES

The Company issued \$150 million in aggregate principal amount of 6.125% perpetual capital securities on May 4, 2012. The securities are recorded at the proceeds received, net of direct issue costs.

The securities are perpetual and confer a right to receive distribution payments. Such distribution is payable semi-annually in arrears unless the Company, at its sole discretion, elect to defer any distribution in accordance with the terms and conditions of the securities. The rate of distribution applicable to the securities is as follows:

- (i) from May 4, 2012 to May 4, 2017 (the "Step-Up Date") at 6.125% per annum;
- (ii) from the Step-Up Date and each date falling every five years after the Step-Up Date (each, a "Reset Date"), at a floating rate as defined in the terms and conditions of the securities.

The securities constitute direct, unsecured and subordinated obligations of the Company and rank *pari passu* and without any preference among themselves. The securities may be redeemed at the option of the Company on the Step-Up Date or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemptive events as specified in the terms and conditions of the securities.

#### 27. REVENUE

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

	Group	
	2013 \$'000	2012 \$'000
Sales	200,498	71,785
Hotel revenue	460,737	439,435
Rental income	27,270	28,151
Management fee	3,459	3,467
Total	691,964	542,838

Included in sales is an amount of \$185,922,000 (2012: \$59,881,000) being revenue recognised based on percentage of completion method on development properties.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 28. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	2013 \$'000	Group 2012 \$'000 (restated)
Staff costs (including share-based payments)	129,091	119,591
Cost of defined contribution plans included in staff costs	7,402	7,042
Cost of inventories recognised as expense	175,311	87,554
Depreciation and amortisation	46,778	50,435
Audit fees paid to auditors:		
Auditors of the Company	584	597
Other auditors	471	418
Non-audit fees paid to auditors:		
Auditors of the Company	56	17
Other auditors	47	64
Allowance for doubtful trade receivables*	50	139
Fair value gain on held-for-trading investments*	(169)	(4,031)
Impairment loss on:		
Goodwill*	–	3,088
Available-for-sale investments*	1,931	1,483
Foreign exchange adjustment (gain) loss (net)*	(613)	303
Interest income*	(1,578)	(1,974)
Dividend income (gross)*	(86)	(185)
Loss (Gain) on disposal of property, plant and equipment*	59	(192)
Loss on liquidation of jointly controlled entity*	–	60

\* These are included in other operating (income) expenses.

#### 29. INCOME TAX EXPENSE

	2013 \$'000	Group 2012 \$'000
Current tax	17,135	18,622
Deferred tax	8,793	2,483
	25,928	21,305
Under (Over) provision in prior years	30	(965)
	25,958	20,340

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 29. INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2012: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	2013 S'000	Group 2012 S'000 (restated)
Profit before income tax and share of results of associates and jointly controlled entities	149,275	107,465
Tax calculated at a tax rate of 17% (2012: 17%)	25,377	18,269
Non-(taxable) deductible items (net)	(765)	366
Tax exemption:	(432)	(287)
Utilisation of unabsorbed tax losses brought forward	(86)	(3)
Deferred tax asset on tax losses arising during the year not recorded	1,381	2,387
Effect of different tax rate of overseas operations	(47)	573
	25,928	21,305
Effective tax rate	17.49%	19.89%

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 unrecognised tax losses and capital allowances totalling approximately \$47,631,000 and \$432,000 (2012: \$47,918,000 and \$402,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax asset has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating \$36,717,000 (2012: \$35,679,000) will expire within the next 5 years.

#### Group relief:

Subject to the satisfaction of the conditions for group relief, tax losses of \$224,000 (2012: \$Nil) arising in the current year were transferred from the Company under the group relief system. These tax losses were transferred to certain subsidiaries of the Group at no consideration.

#### 30. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to owners of the Company after deducting provision for distribution to perpetual capital securities holders divided by the weighted average number of ordinary shares of 507,486,755 (2012: 506,284,796) in issue during the year.

Diluted earnings per share is based on 509,875,987 (2012: 508,951,795) ordinary shares assuming the full exercise of outstanding share options and release of performance shares during the year and adjusted Group earnings of \$168,492,000 (2012: \$129,816,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 30. EARNINGS PER SHARE (cont'd)

	Group	
	2013 \$'000	2012 \$'000 (restated)
Profit attributable to owners of the Company used to compute basic earnings per share	168,457	129,796
Adjusted profit attributable to owners of the Company used to compute diluted earnings per share	168,492	129,816

	Group	
	2013 No. of shares ('000)	2012 No. of shares ('000) (restated)
Weighted average number of ordinary shares used to compute basic earnings per share	507,487	506,285
Adjustment for potential dilutive ordinary shares	2,389	2,667
Weighted average number of ordinary shares used to compute diluted earnings per share	509,876	508,952
Basic earnings per share	33.19 cents	25.64 cents
Diluted earnings per share	33.05 cents	25.51 cents

#### 31. DIVIDENDS

In 2012, the Company declared and paid a first and final one-tier tax exempt dividend of 2 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 3 cents per ordinary share of the Company, totaling \$25,303,000 in respect of the financial year ended December 31, 2011.

In 2013, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 3.5 cents per ordinary share of the Company, totaling \$38,066,000 in respect of the financial year ended December 31, 2012.

Subsequent to December 31, 2013, the directors of the Company recommended that a first and final one-tier tax exempt dividend be paid at 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend be paid at 4 cents per ordinary share of the Company, totaling \$40,645,000 for the financial year ended December 31, 2013. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – Events After The Reporting Period.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 32. CAPITAL COMMITMENTS

As at the end of the financial year, the Group has capital commitments contracted but not provided for in the financial statements in respect of the following:

	2013 \$'000	Group 2012 \$'000
Capital expenditure	65,053	5,432
Interests in associates and jointly controlled entities	101,823	51,829

#### 33. OPERATING LEASE COMMITMENTS

	2013 \$'000	Group 2012 \$'000
<b>The Group as lessee</b>		
Minimum lease payments under operating lease:		
included in profit or loss	7,946	7,739

At the end of the reporting period, commitments in respect of operating leases for office premises and islands for periods up to 50 years are as follows:

	2013 \$'000	Group 2012 \$'000
<b>Future minimum lease payable:</b>		
Within 1 year	7,435	6,989
Within 2 to 5 years	28,430	27,547
After 5 years	188,351	188,958
<b>Total</b>	<b>224,216</b>	<b>223,494</b>

#### **The Group as lessor**

At the end of the reporting period, the Group has contracted with tenants for the following minimum lease receivable:

	2013 \$'000	Group 2012 \$'000
<b>Future minimum lease receivable:</b>		
Within 1 year	28,793	28,725
Within 2 to 5 years	29,485	28,681
<b>Total</b>	<b>58,278</b>	<b>57,406</b>

The tenancy arrangements range from one to six years. Rental income earned during the year is disclosed in Note 27 to the financial statements. Included in the future minimum lease receivable is an amount of \$18,128,000 (2012: \$15,365,000) relating to tenancy arrangements with companies in which certain directors are deemed to have interests.



## Notes to Financial Statements

December 31, 2013

### 34. SEGMENT INFORMATION

- a) The segment information of the Group is organised into the following reportable 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 residential properties and commercial units. Sales and profit from the condominium development projects in Singapore are recognised based on percentage of completion method, and those from overseas projects are recognised based on completion of construction method.

#### **Others**

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

- b) The following segment information is prepared on the same basis as the Group's accounting policies described in Note 2:

- i) Segment revenue and expenses are revenue and expenses reported in the Group's income 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 and jointly controlled entities 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 and jointly controlled entities 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 revenue and non-current assets are analysed based on the location of those assets.



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 34. SEGMENT INFORMATION (cont'd)

##### c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
										(restated)
<b>REVENUE</b>										
External sales	464,185	442,502	227,774	100,223	5	113	-	-	691,964	542,838
Inter-segment sales	-	-	403	402	-	-	(403)	(402)	-	-
<b>Total revenue</b>	<b>464,185</b>	<b>442,502</b>	<b>228,177</b>	<b>100,625</b>	<b>5</b>	<b>113</b>	<b>(403)</b>	<b>(402)</b>	<b>691,964</b>	<b>542,838</b>
<b>RESULTS</b>										
Earnings before interest, tax and fair value changes in investment properties	89,797	77,151	63,548	33,587	(1,939)	1,897	-	-	151,406	102,635
Fair value gain in investment properties	-	-	21,386	18,065	-	-	-	-	21,386	28,065
Segment results	89,797	77,151	84,934	51,652	(1,939)	1,897	-	-	172,792	130,700
Finance costs									(25,095)	(25,209)
Interest income									1,578	1,974
Share of results of equity accounted investees before fair value changes in investment properties	(8,591)	(2,824)	69,072	54,652	1,087	733	-	-	61,568	52,561
Share of fair value changes in investment properties of equity accounted investees	-	-	1,920	(486)	-	-	-	-	1,920	(486)
Income tax expense									(25,958)	(20,340)
Non-controlling interests									(9,160)	(9,404)
<b>Net profit</b>									<b>177,645</b>	<b>129,796</b>

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 34. SEGMENT INFORMATION (cont'd)

##### c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
										(restated)
<b>OTHER INFORMATION</b>										
Segment assets	1,046,937	1,010,193	1,101,175	1,007,412	11,509	29,986	-	-	2,159,621	2,047,591
Investment in equity accounted investees	199,549	217,141	578,801	512,825	10,282	8,386	-	-	788,632	738,354
Unallocated corporate assets									65,901	47,177
<b>Consolidated total assets</b>									<b>3,014,154</b>	<b>2,833,122</b>
Segment liabilities	95,595	85,209	20,616	10,641	115	135	-	-	116,326	95,985
Unallocated corporate liabilities									1,095,577	1,022,634
<b>Consolidated total liabilities</b>									<b>1,211,903</b>	<b>1,118,619</b>
Additions to non-current assets (excluding fair value changes)	46,573	109,680	117,160	82,395	500	500	-	-	164,233	192,575
Depreciation and amortisation	46,065	49,565	710	866	3	4	-	-	46,778	50,435
Impairment loss	-	3,088	-	-	1,931	1,483	-	-	1,931	4,571
Non-cash (income) expenses other than depreciation, amortisation and impairment loss	(605)	239	57	(118)	44	129	-	-	(504)	250

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 34. SEGMENT INFORMATION (cont'd)

d) Information by geographic regions:

	Revenue 2013 \$'000	2012 \$'000	Non-current assets 2013 \$'000	2012 \$'000
Singapore	384,697	263,882	1,482,276	1,501,912
The Maldives	162,340	145,339	183,931	182,500
The rest of Asia	122,049	110,725	406,331	417,833
United Kingdom and Europe	-	-	200,516	135,129
Others	22,878	22,892	101,738	88,502
	691,964	542,838	2,374,792	2,325,676

Others consist of mainly U.S.A., Australasia and Africa.

#### 35. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
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	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 (Indian Ocean) Pte Ltd	Investment holding company	Singapore	70	70
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
<b>Held by the Company</b>				
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
Luxury Holdings Pte Ltd*	Investment holding company	Singapore	100	85
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd <sup>(1)</sup>	Hotelier	Malaysia	100	100
<b>Held by subsidiaries of the Company</b>				
21st Century Holding Pte Ltd	Investment holding company	Singapore	100	100
Allegro Investments Pte Ltd	Investment holding company	Singapore	100	100
Amberwood Investments Pte Ltd	Investment holding company	Singapore	100	100
Asia Hotel Growth Fund <sup>(1)</sup>	Investment holding company	Thailand	100	100
Astrid Holdings Co., Ltd <sup>(1)</sup>	Investment holding company	Thailand	49**	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	100	100
Baywood Investments Pte Ltd	Investment holding company	Singapore	100	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	100	100
Campden Hill Investment LLP* <sup>(1)</sup>	Investment holding company	United Kingdom	100	—
Chatsworth Development Management Pte Ltd	Project management company	Singapore	100	100
Concorde Hotel Management Inc. <sup>(1)</sup>	Investment holding company	U.S.A.	100	100
Concorde Hotel New York Inc. <sup>(1)</sup>	Investment holding company	U.S.A.	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd <sup>(1)</sup>	Hotel management	Malaysia	100	100

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
Held by subsidiaries of the Company				
Coralbell Pty Ltd <sup>(1)</sup>	Investment holding company	Australia	100	100
Eastpoint Investments Limited <sup>(1)</sup>	Investment holding company	United Kingdom	100	100
Hertmill Investments Pte Ltd	Investment holding company	Singapore	100	100
Hotel Holdings USA Inc. <sup>(2)</sup>	Investment holding company	U.S.A.	100	100
HPL (Campton) Pte Ltd*	Investment holding company	Singapore	100	–
HPL (Eaton) Ltd <sup>(1)</sup>	Dormant	United Kingdom	100	100
HPL Gateway Investments Pte Ltd*	Investment holding company	Singapore	100	–
HPL Hotels Pty Ltd <sup>(2)</sup>	Provision of administrative services	Australia	100	100
HPL Investors Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL (Kensington) Pte Ltd*	Investment holding company	Singapore	100	–
HPL (Mayfair) Pte Ltd	Investment holding company	Singapore	100	100
HPL Park Avenue Inc. <sup>(2)</sup>	Investment holding company	U.S.A.	100	–
HPL Properties Management Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Residential Pte Ltd	Investment holding company	Singapore	100	100
HPL Resorts (Maldives) Pvt Ltd <sup>(1)</sup>	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 <sup>(1)</sup>	Provisions of information and services	United Kingdom	100	100
HPL (Whitechapel) Pte Ltd	Investment holding company	Singapore	100	100



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 35. SUBSIDIARIES (cont'd)

Subsidiary	Principal activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
Held by subsidiaries of the Company				
Landaa Giravaru Private Limited <sup>(28)</sup>	Hotelier	Hong Kong / Maldives	70	70
Landcal Properties Pte Ltd <sup>(29)</sup>	Dormant	Singapore	100	100
Leisure Frontiers Private Limited* <sup>(30)</sup>	Hotelier	Maldives	70	—
Leisure Holidays Private Limited <sup>(31)</sup>	Developer and hotelier	Maldives	70	70
Luxury Complex Pte Ltd* <sup>(32)</sup>	Investment holding company	Singapore	100	85
Luxury Hotels (1989) Pte Ltd* <sup>(33)</sup>	Hotelier	Singapore	100	85
Luxury Properties Pte Ltd* <sup>(34)</sup>	Investment holding company	Singapore	100	85
MAT Maldives Pvt Ltd <sup>(35)</sup>	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
Newnat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55, Corp. <sup>(36)</sup>	Hotelier	U.S.A.	100	100
Park Avenue Investments Ltd* <sup>(37)</sup>	Investment holding company	United Kingdom	100	—
Pebble Bay (Thailand) Co. Ltd <sup>(38)</sup>	Property development	Thailand	74	74
PT Amanda Arumudhani <sup>(39)</sup>	Hotelier	Indonesia	100	100
PT Amanda Citra <sup>(40)</sup>	Dormant	Indonesia	100	100
PT Amanda Natha <sup>(41)</sup>	Hotelier	Indonesia	100	100
PT Amanda Pramudita <sup>(42)</sup>	Hotelier	Indonesia	100	100
PT Amanda Surya <sup>(43)</sup>	Investment holding company	Indonesia	100	100
PT Bali Girikencana <sup>(44)</sup>	Hotelier	Indonesia	93.3	93.3
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd <sup>(45)</sup>	Hotelier	Thailand	74	74



## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
Held by subsidiaries of the Company				
Seaside Properties (Thailand) Co. Ltd <sup>(1)</sup>	Hotelier	Thailand	74	74
South West Pacific Investments Limited <sup>(2)</sup>	Hotelier / Casino operator	Vanuatu	100	100
Sovereign Builders & Development Sdn Bhd <sup>(3)</sup>	Investment holding company	Malaysia	100	100
Straits Realty Co. Ltd <sup>(4)</sup>	Investment holding company	Thailand	74	74
Supreme Prospects Sdn Bhd <sup>(5)</sup>	Hotelier	Malaysia	100	100
Suseem Pty Ltd <sup>(6)</sup>	Dormant	Australia	100	100
The Island Development Pte Ltd	Investment holding company	Singapore	100	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100
Westlove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xipand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Property development and investment holding company	Singapore	100	100

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

<sup>(1)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu Limited

<sup>(2)</sup> Audited by overseas practices of KPMG International

<sup>(3)</sup> Audited by overseas practices of Ernst & Young

<sup>(4)</sup> Audited by overseas practices of BDO International Limited

<sup>(5)</sup> Audited by Cohen & Schaeffer P.C.

<sup>(6)</sup> Audited by Barrett & Partners

<sup>(7)</sup> Not required to be audited by law in country of incorporation and subsidiary not considered material.

\* Additional interest acquired during the financial year.

\* Acquired/incorporated 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.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 36. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
Ankerite Pte Ltd <sup>(1)</sup>	Property developer	Singapore	25	25
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Lead Wealthy Investments Limited <sup>(1)</sup>	Investment holding company	Hong Kong	20	20
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Morganite Pte Ltd <sup>(2)</sup>	Property developer	Singapore	22.5	22.5

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

<sup>(1)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

<sup>(2)</sup> Audited by KPMG Singapore

#### 37. JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities is as follows:

Jointly Controlled Entity	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2013 %	2012 %
GC Campden Hill LLP* <sup>(1)</sup>	Property developer	United Kingdom	50	—
Laem Ka Properties Co., Ltd <sup>(2)</sup>	Hotelier and property developer	Thailand	45	45
Ten Acre (Mayfair) Ltd <sup>(1)</sup>	Investment holding company	United Kingdom	65	65

<sup>(1)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu Limited

<sup>(2)</sup> Audited by overseas practices of Ernst & Young

\* Acquired during the financial year.

## APPENDIX 4: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2013

### Notes to Financial Statements

December 31, 2013

#### 38. RESTATEMENT AND COMPARATIVE FIGURES

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following the Group's adoption of amendments to FRS 19 that became effective during the year.

As a result, certain line items have been amended in the statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, statement of changes in equity and consolidated statement of cash flows, and the relevant notes to the financial statements of the Group. Comparative figures have been adjusted to conform to the current year's presentation.

The items were restated as follows:

	2012 Previously reported \$'000	After restatement \$'000
<b>Group</b>		
<b>Statement of financial position</b>		
Trade and other payables	95,464	96,142
Reserves	789,531	788,874
Non-controlling interests	91,164	91,143
<b>Consolidated income statement</b>		
Administrative expenses	(57,818)	(57,720)
<b>Consolidated statement of other comprehensive income</b>		
Remeasurement of defined benefit obligation	-	(393)
Exchange differences on translating foreign operations	(20,978)	(21,004)
Non-controlling interests	7,985	7,964
<b>Consolidated statement of cash flows</b>		
Profit before income tax and share of results of associates and jointly controlled entities	107,367	107,465
Trade and other payables	(2,337)	(2,435)

The above restatements have no impact on the Company's financial statements.

The effect of this restatement is not significant and consequently a restated Group statement of financial position at the start of the previous reporting period has not been presented.

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**APPENDIX 5: REPORT DATED 12 MAY 2014 BY DELOITTE & TOUCHE LLP ON  
REVIEW OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014**

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**INDEPENDENT AUDITORS' REVIEW REPORT**

May 12, 2014

**The Board of Directors  
Hotel Properties Limited**  
50 Cuscaden Road  
#08-01 HPL House  
Singapore 249724

Dear Sirs

**HOTEL PROPERTIES LIMITED AND ITS SUBSIDIARY COMPANIES  
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

**Introduction**

We have reviewed the accompanying interim financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at March 31, 2014, and the consolidated income statement, consolidated statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the three months then ended, and selected notes and other explanatory information ("interim financial information").

Management of the Company are responsible for the preparation and presentation of the interim financial information in accordance with Financial Reporting Standard 34 *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**APPENDIX 5: REPORT DATED 12 MAY 2014 BY DELOITTE & TOUCHE LLP ON  
REVIEW OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2014**

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**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with FRS 34.

**Other Matters**

We have not carried out an audit or review in accordance with Singapore Standards on Auditing or Singapore Standard on Review Engagements on the financial information for the three-month period ended March 31, 2013 included as comparatives in the interim financial information for the period ended March 31, 2014 and, accordingly, we do not express any opinion on the comparative financial information.

**Restriction on Distribution**

Our report has been prepared solely for the purpose of the announcement of First Quarter Financial Statements ended March 31, 2014 by the Company on the Singapore Exchange. It should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes.

*Deloitte & Touche LLP*

Public Accountants and  
Chartered Accountants  
Singapore



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**APPENDIX 6: LETTER FROM THE IFA IN RELATION TO THE UNAUDITED  
CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3 MONTHS  
ENDED 31 MARCH 2014**

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12 May 2014

The Board of Directors of  
**Hotel Properties Limited**  
50 Cuscaden Road  
#08-01 HPL House  
Singapore 249724

Dear Sirs,

**HOTEL PROPERTIES LIMITED (THE "COMPANY")**

**MANDATORY CONDITIONAL CASH OFFER FOR ALL THE ORDINARY SHARES IN THE  
CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE  
ACQUIRED BY 68 HOLDINGS PTE. LTD. (THE "OFFEROR")**

On 14 April 2014, Standard Chartered Bank announced for and on behalf of the Offeror a mandatory conditional cash offer (the "Offer") for all the ordinary shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror.

On 12 May 2014, the Company announced its unaudited consolidated financial statements for the three-month period ended 31 March 2014 (the "1Q2014 Results"). We have examined the 1Q2014 Results and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the report by Deloitte & Touche LLP (the Company's auditors) dated 12 May 2014 on their review of the 1Q2014 Results.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by the Company. Save as provided in this letter, we do not express any other opinion or views on the 1Q2014 Results. The Board of Directors of the Company remains solely responsible for the 1Q2014 Results.

Based on the above, we are of the opinion that the 1Q2014 Results have been prepared by the Company after due and careful inquiry.

This letter is provided to the Board of Directors of the Company solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Board of Directors of the Company, in respect of, arising out of, or in connection with this letter.

Yours faithfully  
For and on behalf of  
**CIMB BANK BERHAD, SINGAPORE BRANCH**

**MAH KAH LOON**  
HEAD  
CORPORATE FINANCE

**ERIC WONG**  
DIRECTOR  
CORPORATE FINANCE



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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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The provisions in the Articles relating to the rights of Shareholders in respect of capital, voting and dividends are set out below.

Please see the definitions in the Articles for terms used in the reproduced in the extract below.

### **(A) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL**

#### **CALLS ON SHARES**

18. The Directors may, subject to the provisions of these Articles, from time to time make such calls upon the members in respect of all moneys unpaid on their shares as they think fit but subject always to the terms of issue of such shares, Provided that 14 days' notice at least is given of each call and each member shall be liable to pay the amount of every call so made upon him to the persons, by the instalments (if any) and at the times and places appointed by the Directors. A call may be revoked or postponed as the Directors determine.
19. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
20. The joint holders of a share shall be jointly and severally liable to the payment of all calls and instalments in respect thereof.
21. If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or instalment at such rate not exceeding 10 per cent per annum as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.
22. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, shall, for all purposes of these Articles, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of these Articles, shall apply as if such sum were a call duly made and notified as hereby provided.
23. The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.
24. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate as that member and the Directors may agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

#### **TRANSFER OF SHARES**

25. (1) Subject to the restrictions of these Articles, shares shall be transferable and the Company shall register a transfer, but every such transfer must be in writing in the usual common form, or in such other form as the Directors and any Stock Exchange upon which the Company is listed shall from time to time approve, and must be left at the Office, accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may require to prove the title of the intending transferor.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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- (2) No share shall in any circumstances be knowingly transferred to any infant, bankrupt or person of unsound mind.
  - (3) There shall be no restriction on the transfer of fully paid shares except where required by law or by the bye-laws or listing rules of the SGX-ST.
26. The instrument of transfer of a share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.
27. The Company shall provide a book to be called "Register of Transfers" which shall be kept by the Secretary under the control of the Directors, and in which shall be entered the particulars of every transfer or transmission of every share.
28. (1) The Directors may in their absolute discretion, and without assigning any reason, refuse to register a transfer of any share. The Directors may refuse to register any transfer of shares on which the Company has a lien (except where such refusal to register contravenes the bye-laws or listing rules of any Stock Exchange), Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within 10 market days (or such period as may be prescribed by the bye-laws or listing rules of any Stock Exchange) beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (2) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (i) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require in accordance with the provisions of these Articles, is paid to the Company in respect thereof;
  - (ii) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificate of payment of stamp duty (if any) and certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
  - (iii) the instrument of transfer is in respect of only 1 class of shares.
- (3) The Company shall not be bound to register more than 3 persons as the holders of any share except in the case of executors or trustees of the estate of a deceased member.
29. Such fee not exceeding \$2 for each transfer, as the Directors may from time to time determine, may be charged for registration of a transfer.
30. The Register of Members and the Depository Register may be closed at such times and for such periods as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in aggregate in any year. The Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which such closure is made.

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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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- 30A. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of 6 years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of 6 years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of 6 years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
  - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
  - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

### **TRANSMISSION OF SHARES**

31. (1) (a) In case of the death of a member, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased member (whether sole or joint) from any liability in respect of any share held by him.
- (b) In case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.
- (2) Any person becoming entitled to a share in consequence of the death or bankruptcy of any member may, upon producing such evidence of title as the Director shall require, be registered himself as holder of the share, or, subject to the provisions as to transfers herein contained, transfer the same to some other person.
- 31A. (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of any member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, request in writing to be registered himself as holder of the share or transfer such share to some other person. If the person so becoming entitled wants to be registered himself, he must give the Company notice in writing to that effect. If he wants to have another person registered, he must execute a transfer of the share in favour of that person. All limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice on transfer

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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

- (2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within 60 days, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

31B. [Deleted]

- 31C. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding \$2 (or such other sum as may be approved by the SGX-ST from time to time) as the Directors may from time to time require or prescribe.
32. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of a share, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise the rights or privileges of a member, unless and until he shall become registered as a member or have his name entered in the Depository Register as a Depositor in respect of the share.

### **FORFEITURE OF SHARES**

33. If any member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment thereof the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalments, or such part thereof as remains unpaid, together with interest at such rate not exceeding 10 per cent per annum as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment.
34. The notice shall name a further day (not earlier than the expiration of 7 days from the date of the notice) on or before which such call or instalment or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made, and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.
35. If the requisitions of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture, notwithstanding that they shall have been declared.
36. When any share has been forfeited in accordance with those Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) in respect of the share, but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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37. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.
38. Every share which shall be forfeited may be sold, re-allotted, or otherwise disposed of, either to the person who was before forfeiture the holder thereof, or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and the Directors may, if necessary, authorise some person to transfer the same to such other person as aforesaid.
39. (1) A shareholder whose shares have been forfeited shall, notwithstanding, be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture, and interest thereon to the date of payment, in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the share at the time of forfeiture, without any deduction or allowance for the value of the shares at the time of forfeiture.
- (2) The net proceeds of sale of a share forfeited by the Company after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid calls and accrued interest and expenses and the residue (if any) paid to the member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.
40. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past members.
41. A statutory declaration in writing that the declarant is a Director of the Company, and that a share has been duly forfeited, surrendered or sold in pursuance of these Articles to satisfy a lien of the Company on the date stated in the declaration, shall, as against all persons claiming to be entitled to the share adversely due to the forfeiture, surrender or sale thereof, be conclusive evidence of the facts therein stated. Such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same may be required) with the share certificate delivered to the person to whom the same is re-allotted, surrendered, sold or disposed (or where the purchaser is a Depositor, to the Depository or its nominee, as the case may be), shall constitute good title to the share, and (subject to the execution of any necessary transfer of a share) such person shall be registered as the holder of the share (or where such person is a Depositor, the Company shall procure his name to be registered in the Depository Register in respect of the share so re-allotted, surrendered, sold or disposed of, and shall be discharged from all calls made prior to such re-allotment, surrender sale or disposal. Such person shall not be bound to see the application of the purchase money (if any), nor shall his title to the share be affected by any act, omission or invalidity or irregularity relating to or connected with the proceedings in reference to the surrender, forfeiture, sale, re-allotment or disposal of the share.

### **CONVERSION OF SHARES INTO STOCK**

42. (1) The Company may, from time to time, by Ordinary Resolution of a General Meeting convert any paid-up shares into stock and may from time to time by like resolution re-convert any stock into its paid-up shares.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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- (2) When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein, or any part of such interests, in such manner as the Company in a General Meeting shall direct, but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances will admit. But the Directors may, if they think fit, from time to time fix the minimum number of stock transferable, and restrict or forbid the transfer of fractions of that minimum.
- (3) The several holders of stock shall be entitled to participate in the dividends, profits and assets of the Company according to the amount of their respective interests in such stock, and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same privileges and advantages for the purpose of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any holding or part of a holding of stock as would not if existing in shares, have conferred such privileges or advantages, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
- (4) All such provisions of these Articles as are applicable to paid-up shares shall apply to stock, and in all such provisions the words "share" and "shareholder" shall include "stock" and "stockholder".

### ALTERATIONS OF CAPITAL

- 43. (1) The Company in a General Meeting may from time to time by Ordinary Resolution:-
    - (i) consolidate and divide all or any of its shares;
    - (ii) cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its share capital by the number of shares so cancelled, as permitted by the Statutes;
    - (iii) subdivide its shares or any of them, subject, nevertheless, to the provisions of the Statutes, and the bye-laws and listing rules of the Stock Exchange upon which the shares of the Company are listed, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
    - (iv) subject to the provisions of these Articles and the Statutes, convert any class of paid-up shares into any other class of paid-up shares.
  - (2) The Company may by Special Resolution reduce its share capital or any undistributable reserve in any manner authorised, and subject to any conditions prescribed, or consent required, by law.
- 43A. (1) The Company may, subject to and in accordance with the Statutes or the bye-laws or listing rules of any Stock Exchange upon which the shares of the Company are listed, purchase or otherwise acquire shares in the issued share capital of the Company on such terms and in such manner as the Company may think fit and in the manner prescribed by the Statutes or the bye-laws or listing rules of any Stock Exchange upon which the shares of the Company are listed. If required by the Statutes or the bye-laws or listing rules of any Stock Exchange upon which the shares of the Company are listed, any share that is so purchased or acquired by the Company (unless held as a treasury share in accordance with



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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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the Statutes or the bye-laws or listing rules of any Stock Exchange upon which the shares of the Company are listed) shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes or the bye-laws or listing rules of any Stock Exchange upon which shares in the Company are listed.

- (2) Shares that the Company purchases or otherwise acquires may be held as treasury shares in accordance with the provisions of these Articles and the Act.
- (3) Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the member holding the treasury shares.
- (4) The Company shall not exercise any right in respect of the treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

### INCREASE OF CAPITAL

44. The Company in a General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being issued shall have been fully called up or not, increase its share capital by the creation of the allotment and issue of new shares, and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any), or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the General Meeting resolving upon such increase directs.
45.
  - (1) Subject to the bye-laws and listing rules of any Stock Exchange upon which the shares of the Company are listed and unless otherwise determined by the Company in a General Meeting, any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to the members in proportion as nearly as may be, to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to these Articles, dispose of those shares in such manner as they think most beneficial to the Company. The Directors may, in like manner so dispose of any such new or original shares as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in the manner hereinbefore provided.
  - (2) Notwithstanding Article 45(1) above but subject to the Statutes, the Company in a General Meeting may by Ordinary Resolution give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-
    - (a)
      - (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise; and/or
      - (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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- (b) (notwithstanding that the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:-

- (I) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the SGX-ST from time to time and as may be permitted by any Stock Exchange upon which the shares of the Company may be listed;
  - (II) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance is waived by the SGX-ST) and these Articles and such provisions as may be required by any Stock Exchange upon which the shares of the Company may be listed; and
  - (III) unless previously revoked or varied by the Company in a General Meeting, such authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).
- (3) Except so far as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new share capital shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

### **(B) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING**

#### **GENERAL MEETINGS**

47. Subject to the Statutes, a General Meeting shall be held once in every calendar year, at such time and place as may be determined by the Directors, but so that not more than 15 months shall be allowed to elapse between any 2 such General Meetings. All other General Meetings shall be called Extraordinary General Meetings.
48. The above-mentioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.
49. The Directors may call an Extraordinary General Meeting whenever they think fit, and Extraordinary General Meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act.
50. (1) Subject to the provisions of the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by 21 days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting of the Company shall be called by 14 days' notice (exclusive of the days that the notice is despatched and the day of the General Meeting) in writing at the least, specifying the place, the day and the hour of meeting Provided that a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-
- (i) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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- (ii) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the members having the right to vote at that meeting.

The accidental omission to give such notice to, or the non-receipt of such notice by, any such person shall not invalidate any resolution passed or proceeding had at any such meeting.

- (2) Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.
- (3) Subject to the Statutes or the bye-laws or listing rules of the Stock Exchange upon which shares in the Company are listed, for so long as the shares in the Company are listed on the Stock Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be provided to the Stock Exchange and sent to members entitled to attend and vote at the meeting at least 15 market days before the meeting. Notices convening any other General Meeting must be provided to the Stock Exchange and sent to members entitled to attend and vote at the meeting at least 10 market days before the meeting. Subject to the Statutes or the bye-laws or listing rules of the Stock Exchange upon which shares in the Company are listed, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange on which the Company is listed.

### **PROCEEDINGS AT GENERAL MEETINGS**

- 51. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheets and the reports of the Directors and Auditors, and any other documents annexed to the balance sheets, the fixing of the Directors remuneration and the appointment and fixing of the remuneration of the Auditors.
- 52. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall consist of not less than two members personally present or represented by proxy, attorney or representative Provided That:-
  - (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and
  - (ii) where a member is represented by more than one proxy, such proxies shall count as only one member for the purpose of determining the quorum.
- 53. If within half an hour from the time appointed for the holding of a General Meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, any member or members present in person or by proxy, attorney or representative shall be a quorum.
- 54. The Chairman (if any) of the Board shall preside at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within 15 minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose some member present to be Chairman of the meeting.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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55. The Chairman of any General Meeting may, with the consent of any General Meeting at which a quorum is present, and shall, if so directed by the General Meeting, adjourn any General Meeting from time to time and from place to place as the General Meeting shall determine. Whenever a General Meeting is adjourned for 10 days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned General Meeting. No business shall be transacted at any adjourned General Meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
56. At all General Meetings resolutions put to the vote of the meeting shall be decided on a show of hands, unless before, or upon the declaration of the result of, the show of hands a poll is demanded:-
- (a) by the Chairman of the General Meeting; or
  - (b) by at least 5 members present in person or by proxy, attorney or representative and entitled to vote at the General Meeting (where a member has appointed more than 1 proxy, any 1 of such proxies may represent that member); or
  - (c) by a member or members present in person or by proxy, attorney or representative at the General Meeting and holding or representing not less than one-tenth of the total voting rights of all the members having the right to vote at the General Meeting; or
  - (d) by a member or members in person or by proxy, attorney or representative holding or representing shares in the Company conferring a right to vote at the General Meeting and holding shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares of the Company conferring that right (excluding treasury shares).
- Unless a poll is so demanded a declaration by the Chairman of the General Meeting that a resolution has been carried a show of hands, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
57. If a poll be demanded in the manner aforesaid, it shall be taken at such time and place, and in such manner as the Chairman shall direct, and the result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded. The Chairman of the General Meeting may (and if so directed by the General Meeting shall) appoint scrutineers and may adjourn the General Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
58. No poll shall be demanded on the election of a Chairman of a General Meeting, or on any question of adjournment.
59. In the case of an equality of votes, either on a show of hands or on a poll, the Chairman of the General Meeting shall be entitled to a further or casting vote.
60. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business, other than the question for which a poll has been demanded.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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### VOTES OF MEMBERS

61. Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being or attached to any special class of shares for the time being forming part of the capital of the Company, every member present in person or by proxy, attorney or representative, shall have 1 vote on a show of hands, and in the case of a poll shall have 1 vote for every share which it holds or represents (as the case may be) Provided always that notwithstanding anything contained in these Articles, a Depositor or his proxy, attorney or representative shall not be entitled to attend any General Meeting and to speak and vote thereat unless the Depositor's name is certified by the Depository to the Company as appearing on the Depository Register as at 48 hours before that General Meeting as a Depositor on whose behalf the Depository holds shares in the Company. If a member or a Depositor is represented by 2 proxies, only 1 of the 2 proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only 1 of the 2 proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands. A proxy or attorney need not be a member of the Company.
62. If any member be a lunatic, idiot or non compos mentis, he may vote by his committee, receiver, curator bonis or other legal curator, and such last mentioned persons may give their votes either personally or by proxy.
63. If 2 or more persons are jointly entitled to a share, any 1 of such persons may vote and be reckoned in a quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than 1 of such joint holders shall be present at a General Meeting, then in voting upon any question the vote of the senior who tenders a vote, whether in person or by proxy or by an attorney shall be accepted to the exclusion of the votes of the other registered holders of the shares, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be).
- 63A. No objection shall be raised as to the qualification of any voter or admissibility of any vote except at the General Meeting or the adjourned General Meeting at which the vote objected to is or may be given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the General Meeting whose decision shall be final and conclusive.
64. Save as herein expressly provided, no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy or by an attorney or to be reckoned in a quorum, at any General Meeting.
65. (1) A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. An instrument appointing a proxy to vote at a General Meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the instrument of proxy was given Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office at least 1 hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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- (2) Any corporation or limited liability partnership which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or limited liability partnership which he represents as that corporation or limited liability partnership could exercise if it were an individual member of the Company and such corporation or limited liability partnership shall for the purposes of these Articles be deemed to be present in person at any such General Meeting if a person so authorised is present thereat.
66. The instrument appointing a proxy, together with the power of attorney under which it is signed or a certified copy thereof (failing previous registration with the Company), shall be deposited at the Office at least 48 hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in such instrument proposes to vote; otherwise the instrument of proxy may be treated as invalid.
- 66A. If at any General Meeting any votes shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, and be of sufficient magnitude to vitiate the result of the voting.
67. (1) Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney or, if the appointor is a corporation, under seal or signed on its behalf by an attorney, Provided that if the Depositor appoints proxies pursuant to Article 67(2), the instrument of proxy shall be under the hand of the Depositor or his attorney, or under seal or under the hand of its attorney.
- (2) A member may appoint not more than 2 proxies to attend and vote at the same General meeting Provided that:
- (i) if the member is a Depository, the Company shall be entitled:-
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company;
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy; and
- (ii) if the member is a nominee company, then it may appoint 2 or more proxies. Where a nominee company appoints 2 or more proxies, then it shall specify the proportion of its shareholding to be represented by each proxy.
- (3) Where a member or Depositor appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as an alternate to the first-named.



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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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- (4) If the Chairman of the General Meeting is appointed as proxy, he may designate such other person to act as proxy in his stead.
- (5) Notwithstanding anything in these Articles, the sending of a Proxy Form by a member does not preclude him from attending or voting in person at the General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

### **(C) RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS**

#### **DIVIDENDS AND RESERVE FUND**

- 99. Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company which it shall from time to time be determined to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively and pro-rated for any portion or portions of the period in respect of which the dividend is paid otherwise than in advance of calls.
- 100. (1) The Directors may, with the sanction of an Ordinary Resolution of a General Meeting from time to time declare dividends, but no such dividend shall be payable except out of the profits of the Company. The Directors may, if they think fit, from time to time declare and pay to the members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time, if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No higher dividend shall be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of net profits shall be conclusive. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.
- (2) With the sanction of an Ordinary Resolution in a General Meeting and in accordance with the Statutes and the bye-laws and listing rules of any Stock Exchange upon which the shares of the Company are listed, any dividend may be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of any other company or in any one or more of such ways. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all members, and may vest any such specific assets in trustees upon trust for the members entitled to the dividend as may seem expedient to the Directors.
- 101. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve fund or reserve funds, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or shall, as to the whole or in part, be applicable for equalising dividends, or for distribution by way of special dividend or bonus, or for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sums as they may deem expedient in the interests of the Company.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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- 101A. (1) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- (2) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of 6 years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.
- (3) A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of 6 years has elapsed from the date on which such other moneys are first payable.
- 101B. (1) Whenever the Directors or the Company in a General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
  - (ii) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
  - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded Provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
  - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “**elected ordinary shares**”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 105, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

- (2) (i) The ordinary shares allotted pursuant to the provisions of paragraph (1) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
    - (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the members).
  - (3) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.
  - (4) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
  - (5) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (1) of this Article.
102. The Directors may establish a reserve to be called either "capital reserve" or "realisation account" and shall either carry to the credit of such reserve from time to time all moneys realised on the sale of any investments held by the Company in excess of the then book price of the same or apply the same in providing for depreciation or contingencies. Such capital reserve or realisation account and all other moneys in the nature of accretion to capital, whether on sale of investments held, or otherwise, shall be treated for all purposes as capital moneys and not as profits available for dividend. Any losses realised on the sale of any investments may be carried to the debit of capital reserve or realisation account except in so far as the Directors shall decide to make good the same out of other funds of the Company.

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## APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

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103. The Directors shall be at liberty to invest any sums carried to any reserve account or accounts upon such investments as they think fit, other than shares of the Company, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company (save as hereinbefore provided) and to divide the ordinary reserve account or accounts into such special accounts as they think fit with full power to employ the assets constituting the ordinary reserve account or accounts in the business of the Company.
104. Every dividend warrant may, unless otherwise directed, be sent by post to the last registered address of the member entitled thereto, and the receipt of the person whose name at the date of the declaration of the dividend appears on the register of members as the owner of any share, or, in the case of joint holders, of any one of such joint holders, shall be a good discharge to the Company for all payments made in respect of such share. No unpaid dividend or interest shall bear interest as against the Company.

### CAPITALISATION OF RESERVES, ETC

105. (1) The Company in General Meeting may at any time and from time to time pass an Ordinary Resolution (including any Ordinary Resolution passed pursuant to Article 45(2)) to:-
- (i) to issue bonus shares for which no consideration is payable to the Company, to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
    - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
    - (b) in the case of any Ordinary Resolution passed pursuant to Article 45(2), such other date as may be determined by the Directors,in each case in proportion to their then holdings of shares; and/or
  - (ii) to capitalise any sum not required for the payment or provision of any fixed preferential dividend, and (1) being any part of the undivided profits in the hands of the Company or (2) for the time being standing to the credit of any reserve fund or reserve account of the Company (including any undistributable reserves) or any sum standing to the credit of the profit and loss account or otherwise available for distribution, including accretion to capital accruing on sale or shown by a valuation or revaluation of any property or assets of the Company by appropriating such sum to the persons registered as holders of shares in the Register of Members (or as the case may be) in the Depository Register at the close of business on:
    - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
    - (b) in the case of an Ordinary Resolution passed pursuant to Article 45(2), such other date as may be determined by the Directors,in proportion to the members' then holdings of shares, and the Directors shall in accordance with such Ordinary Resolution apply such sum on the members' behalf in paying up the amounts, if any, for the time being unpaid on any shares held by such members respectively or in paying up in full any unissued shares or debentures of the Company on behalf of the ordinary shareholders aforesaid (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution, and appropriate such shares or debentures and distribute the same credited as fully paid up to and amongst such members as bonus shares in the proportions aforesaid or partly in one way and partly in the other in satisfaction of

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## **APPENDIX 7: RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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the shares and interests of such members in the said capitalised sum or shall apply such sums or any part thereof on behalf of the members aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued ordinary shares held by such shareholders or otherwise deal with such sum as directed by such Ordinary Resolution. Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates, fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may authorise and appoint any person to sign such contract on behalf of all the members interested in entering into an agreement with the Company providing for any such bonus issue or capitalization and the matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.



- (2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 105(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions by payment in cash for the case of shares becoming distributable in fractions or whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned).
- (3) In addition and without prejudice to the powers provided for by Articles 105(1) and 105(2), the Directors shall have power to issue shares for which no consideration is payable or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in a General Meeting in such manner and on such terms as the Directors shall think fit.



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION CERTIFICATE

Property :	Land Title Deed No.21166 ( Lot No. 67, Survey Index No. 638) at Laem Ka Beach, Viset Road, Rawai Subdistrict, Muang Phuket District, Phuket Province, Thailand.
Client :	Hotel Properties Limited
Purpose :	Mandatory conditional cash offer for Hotel Properties Limited
Interest Valuation :	Freehold
Basis of Valuation :	Market Value
Registered Owner :	Laem Ka Properties Co.,Ltd.
Land Area :	150 Rai 1 Ngan 44.2 Square wah ( 240,576.8 Square meters )
Master Plan Zoning :	"Low Density Residential Zone" and "Open Space Recreation Zone"
Brief Description :	The Property is a vacant land located along Laem Ka Beach ( Rawai Bay), about 300 meters east from the junction with Viset Road (Highway No 4024). The land has an irregular – shaped configuration and about 1,090 meters adjacent to The Sea ( Rawai Bay).
Proposed Development :	The proposed developments are Resort Hotel and Luxury Villa development. The proposed development will comprise of 62 keys of hotel villas / 70 keys stack villas (total : 132 keys) and 52 Residential Pool Villa for sale. The proposed development is under consideration and planning consent has not been obtained. The construction costs including carrying costs as at 30 <sup>th</sup> April 2014 to complete the development is estimated to be THB 6,870,000,000 (Baht Six Thousand Eight Hundred Seventy Million Only)
Proposed Saleable Floor Area :	Hotel – 17,682 Square meters (190,329 sq. ft.) Residential Villa – 41,431 Square meters (445,963 sq. ft.)
Valuation Approaches :	Residual Land Method and Direct Comparison Method
Date of Valuation :	8 <sup>th</sup> May 2014
Assessed Value :	<b>Open Market Value (As It Is) : THB 2,465,000,000</b> <b>(Baht Two Thousand Four Hundred Sixty-Five Million Only)</b> <b>Gross Development Value : THB 9,380,000,000</b> <b>(Baht Nine Thousand Three Hundred Eighty Million Only)</b>
Assumptions, Disclaimers, Limitations & Qualifications :	This valuation report is provided subject to the assumption, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within the report. Reliance on the valuation report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.
Prepared By :	Brooke Real Estate Co., Ltd.
	
Chettha Chaikhun Director Qualified Senior Valuer No. 38/2555 Member of The Valuers Association of Thailand (TVA) and Thai Valuers Association (VAT)	Suchart Amornvirojku Associate Director Qualified Senior Valuer No. 38/2555 Member of The Valuers Association of Thailand (TVA) and Thai Valuers Association (VAT)





**PRIVATE & CONFIDENTIAL**

6<sup>th</sup> May, 2014

The Directors  
Hotel Properties Limited.  
50 Cuscaden Road # 08-01,  
HPL House, Singapore  
249724.

Dear Sirs,

**Desktop Valuation of  
A Residential Condominium Unit  
Unit No. 27/74, 21<sup>st</sup> Floor, Sathorn Park Place Condominium  
South Sathorn Road  
Thungmahamek Subdistrict, Sathorn District,  
Bangkok.**

In accordance with your instructions to value the above property, we have carried out an inspection made relevant enquires, analyzed market data and obtained such further information as we deem necessary for the purpose of providing you with our opinion of the Open Market Value of the property. This valuation is for take-overs and mergers purpose.

Client : Hotel Properties Limited.  
Property includes : A Residential Condominium Unit

The summary of our findings contained in the attached report are as follows:-

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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1. Condominium Title Deed

Land Area	:	4 Rai 3 Ngan 38 Square wah
Title Deed No.	:	2515
Building No.	:	1
Name of Condominium	:	Sathorn Park Place Condominium
Registration No.	:	7/2535
  
2. Building

Type	:	A Residential Condominium
No. of storey	:	37
Unit No.	:	27/74
Floor No.	:	21
Residential Area (Approx.)	:	236.02 Square meters
Existing Use	:	Residential
Age (Approximately)	:	22 Years
State & Condition	:	Good
Registered Owner	:	Moonstone Investment Pte Ltd.
  
3. Encumbrances : The property is currently freehold.
  
4. Accessibility : Project Road
  
5. Land use Restrictions : None
  
6. Zoning : Located in an area classified by the Department Town and Country Planning as "Commercial Zone".
  
7. Compulsory & Acquisition : The subject property is located outside any areas condemned for land expropriation.
  
8. Occupancy : Owner Occupied

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



- |     |  |   |                               |
|-----|--|---|-------------------------------|
| 9.  | <u>Open Market Value</u><br>(Baht)         | : | 11,800,000 (Refer Appendix I) |
| 10. | <u>Potential Tax Liabilities</u><br>(Baht) | : | 413,000 (Refer Appendix II)   |
| 11. | <u>Date of Valuation</u>                   | : | 6 <sup>th</sup> May, 2014     |

This valuation has been carried out in accordance with the Guidance Notes on the Valuation of Property Assets published by the Thai Valuers Association of Thailand, the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. This valuation is subject to the Caveats and Assumptions contained in the attached valuation report.

We have made no investigation of and assume no responsibility for titles to or liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours Faithfully,  
BROOKE REAL ESTATE LTD.

A handwritten signature in black ink, appearing to be "Chettha Chaikhun".

Chettha Chaikhun  
Director

Qualified Senior Valuer No. ๙๙. 020

Member of The Valuers Association of Thailand (TVA)  
and Thai Valuers Association (VAT)

A handwritten signature in black ink, appearing to be "Suchart Amornvirojkul".

Suchart Amornvirojkul  
Associate Director

Qualified Senior Valuer No. ๙๙. 050

Member of The Valuers Association of Thailand (TVA)  
and Thai Valuers Association (VAT)

2014/V/HP/358.14 Np

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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VALUATION & ADVISORY SERVICES



One Penn Plaza, Suite 1835  
New York, NY 10119

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F (212) 207-6069

[www.cbre.com](http://www.cbre.com)

May 10, 2014

Board of Directors of Hotel Properties Limited  
**HOTEL PROPERTIES LTD**  
50 Cuscaden Road, #08-01 HPL House  
Singapore, 249724

RE: Appraisal of Concorde Hotel New York  
127 East 55th Street  
New York, New York County, NY  
CBRE File No 14-047NY-0820

Dear Sirs:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a 124-room limited service hotel property built in 1982 and situated on a .086-acre site in New York, New York County, NY. The subject property is not open to the public, but is fully contracted – all rooms on an annual basis – to British Airways (BA) for their crews and employees. BA also pays approximately \$30,000 per year for a space at the subject it operates as a lounge/club for its employees.

BA operates dozens of flights in the New York area on a daily basis. BA owned the subject property from 1990 to 2002 and sold the property, leasing it back, in 2002 to the current owners for a ten year period; a two year extension takes the lease through mid-2016. The subject was operated as the Fitzpatrick East 55th Street Hotel, and was managed by the Fitzpatrick Hotel Group, until 2010.

The subject is currently undergoing a \$13.6 million renovation and its contract with BA is being renegotiated. According to property management, BA intends to continue its lease although the new rate per night is still being negotiated. At the request of our client, we have assumed 3% annual increases beginning at the end of the current two-year option period. Our value herein makes this assumption and different, final contracted rates would affect our concluded value.

The renovations include completely gutting and upgrading all of the rooms at a cost of approximately \$6.5 million or more than \$50,000 per room. In addition, approximately \$3.7 million is being spent redoing the subject's current HVAC system. The subject was originally developed as a residential condominium with full floor unit plans; as such, each floor only has one HVAC system. The

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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Board of Directors of Hotel Properties Limited  
May 10, 2014  
Page 2

condominium never sold and the subject was converted to a hotel with four rooms per floor. Over the years a variety of fixes for the HVAC have been implemented including putting PTACs in half the rooms. However, given the way the property is built, the controls for the non-PTAC rooms are physically in the rooms with the PTAC units requiring guests to be disturbed if there is an issue with the HVAC in one of the non-PTAC rooms. The HVAC system is being completely overhauled (including core-drilling the building) to allow for separate systems in each guest room.

As of the date of our inspection, approximately \$5.4 million has been expended with the infrastructure renovations nearly complete. The new cooling tower was being filled to begin testing the systems on the date of our inspection. The first phase of 20 rooms is expected to be on line mid-May. These 20 rooms have bathrooms and carpet installed, wall coverings are in as well with the custom furniture being installed in the next week.

The renovations are ongoing and are expected to be complete by December 2014. The renovation is being done in a way that allows the subject to continue operations although with fewer rooms at any given time. Approximately 4 to 6 floors are taken offline at a time to achieve this. BA is only paying for the rooms that are available at any given time. It is important to note that BA pays for all available rooms, not just occupied rooms. Physical occupancy generally ranges in the 82% to 86% range although 100% of rooms are contracted.

It is important to note that, post-renovation, the subject will feature 122 rooms as a result of reconfigurations due to the mechanical upgrades.

The subject is more fully described, legally and physically, within the enclosed report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Exposure Time	Value Conclusion
As Is	Leased Fee	May 1, 2014	6 Months	\$49,000,000
Compiled by CBRE				

The opinion(s) of market value include the contributory value of the furniture, fixtures, and equipment and are based on the assumption the hotel is open and will remain operational.

This report assumes that the subject will continue to be operated and contracted to British Airways. It also assumes that the new contracted rate, upon expiration of the current option that runs through 2016, will be 3% higher than the current rate with 3% annual increases. Any change in the aforementioned assumptions could affect our values herein.

There are no hypothetical conditions associated with this analysis.

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.



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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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Board of Directors of Hotel Properties Limited  
May 10, 2014  
Page 3

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

### CBRE - VALUATION & ADVISORY SERVICES



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Deborah Preston Lipman  
Vice President  
State of New York Certification #46000049791  
Phone: 212-715-5725  
Fax: 212-207-6169  
Email: Deborah.prestonlipman@cbre.com



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**CBRE**



# APPENDIX 8: EXTRACTS OF VALUATION REPORTS



Table 1.0 Summary of Market Values

NO.	LOT & TITLE NOS	INTEREST VALUED / PROPERTY DESCRIPTION	REGISTERED PROPRIETOR	DATE OF INSPECTION AND VALUATION	VALUATION METHODOLOGY	MARKET VALUE
1	Lots 157 and 1209, both within Section 57, Town and District of Kuala Lumpur, Federal Territory Kuala Lumpur held under Title Nos. Geran 13112 and 17761, respectively	Interest in perpetuity in a 570-room 4-star hotel known as Concorde Hotel Kuala Lumpur, a retail cum office building known as Wisma Concorde and a 5-level car park block.	Angary Sdn Bhd.	30 April 2014	Profits Method By Discounted Cash Flow Approach And Comparison Method	RM300,000,000 *1
2	PT No. 570 Section 9, Town of Shah Alam, District of Petaling, Selangor Darul Ehsan held under HS(D) 91623	Unexpired leasehold interest of about 76.15 years in a 381-room 4-star hotel known as Concorde Hotel Shah Alam.	Shah Alam Hotel Sdn Bhd.	28 April 2014	Profits Method By Discounted Cash Flow Approach And Comparison Method	RM130,000,000
3	Lot 1225 (New Lot 519), Mukim of Kedawang, District of Langkawi, Kedah Darul Aman held under Title No. Geran Mukim 1973	Unexpired sub-leaseholder's interest of about 47.21 years in a 24-room beach & spa resort located within Malay Reservation Area known as Caleda Dri Mar Langkawi	Crystal Daman Sdn Bhd.	28 April 2014	Profits Method By Discounted Cash Flow Approach And Comparison Method	RM40,000,000
4	Lot 253, having interest in perpetuity and Lot 254, having unexpired leasehold interest of about 25.4 years, both within Mukim of Ringlet, District of Cameron Highlands, Pahang Darul Makmur held under Title Nos. Geran 1471 and Paikan Negeri 109 respectively	A Tudor-style 19-room boutique resort hotel known as The Lakeshore Cameron Highlands sited on Lot 253, having an interest in perpetuity and Lot 254, having an unexpired leasehold interest of about 25.4 years.	Super Vista Sdn Bhd.	30 April 2014	Profits Method By Discounted Cash Flow Approach And Comparison Method	RM10,600,000
5	PT No. 4191, Mukim of Si Rusa, District of Port Dickson, Negeri Sembilan Darul Khusus held under Title No. HS(M) 846	Interest in perpetuity in a parcel of residential land located off Jalan Pantai and adjacent to Taman Melati.	Sovereign Builders Development Sdn Bhd.	30 April 2014	Comparison Method	RM1,200,000
6	Lots 503, 221, 655, 987, 985, 1032, 1112, 1271 & 1272, all within of Mukim of Si Rusa, District of Port Dickson, Negeri Sembilan Darul Khusus held under Title Nos. Geran Mukim 7, 8, 17, 107, 136, 1058, Geran 71082, 73673 & 74455, respectively	Interests in perpetuity in five parcels of commercial lands, a parcel of residential land and three parcels of development land, all are contiguous and designated for resort development konis onto the Coast of the Straits of Malacca, Telok Kemang, Port Dickson.	Supreme Prospects Sdn Bhd.	30 April 2014	Comparison Method	RM28,500,000

\*1 Market value of the existing use.

For And On Behalf Of  
CHESTON INTERNATIONAL (KL) SDN. BHD.

  
G. PAREMES S/VAM, FRSM, MRICS, MPEPS, MIPPM  
CHARTERED SURVEYOR  
REGISTERED VALUER, V-480

01402978314

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION CERTIFICATE

<b>Date</b>	30 April 2014
<b>Our Reference</b>	2014/81
<b>Valuation Prepared for</b>	Hotel Properties Limited
<b>Purpose of Valuation</b>	For the purpose of take-over and merger
<b>Date of Inspection</b>	28 April 2014
<b>Address of Property</b>	1/A/B/C/D/E/F/G/H/I/J/K/L & 3/5/7/9/11/13/15 Leedon Heights D'LEEDON Singapore 267939 to 267955, 266224 & 266225
<b>Type of Property</b>	A proposed high-end residential condominium development known as D'LEEDON, currently in its final stage of construction.
<b>Brief Description</b>	The subject property is located on the western side of Farrer Road, between Leedon Heights and Kings Road and approximately 5 km from the City Centre.

The immediate locality is an established residential area comprising mainly private landed properties, apartment/ condominium developments, and HDB flats at Farrer Gardens.

Prominent developments in the vicinity include Nanyang Primary School/ Kindergarten, St Margaret's Secondary School, Coronation Shopping Plaza, Serene Centre, amongst others.

Accessibility to other parts of Singapore is enhanced by its close proximity to the Pan Island Expressway, Bukit Timah Expressway, Ayer Rajah Expressway, Farrer Road / Botanic Garden MRT Station, all of which are within a short drive away.

The subject property comprises a fairly regular shaped land with a wide frontage onto Farrer Road and vehicular access from King's Road.

D'LEEDON upon full completion will accommodate a total of 7 towers (Nos. 3,5,7,9,11,13,15) of 36-storey residential flats accommodating a total of 1,715 residential units, including 12 units of 2-storey with attic strata semi-detached houses (Nos. 1/A/B/C/D/E/F/G/H/I/J/K/L), and 8 units of restaurants and shops. Communal facilities to be provided will include swimming pool with lap and children pools/outdoor jacuzzis, spa pavilions, fitness areas, tennis courts, multi-purpose court, barbecue, basketball court, mini race track, restaurant/ retail clubhouse, children's wet play area and pool, lap/gymnasium pool, jacuzzis, party house, jogging tracks and theme gardens.

All essential tele-communications and public services are available for connection.

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



<b>Legal Description</b>	: Lots 2221K, 2825F, 2825T, 2827A, 2828K, 2829N, 2830A, 2831K, 2832N, 2833X, 2834L, 2835C, 3737V and 3739T Mukim 2
<b>Tenure</b>	: 99-year leasehold with effect from 5 April 2010
<b>Registered Proprietor(s)</b>	: Morganite Pte. Ltd
<b>Land Area</b>	: 73,042.50 sm or thereabouts subject to government's final survey
<b>Proposed Gross Floor Area</b>	: Approximately 228,744.52 sm, as provided by your goodselves and subject to final survey.
<b>Proposed Saleable Floor Area</b>	: Whole Development Approximately 230,739.00 sm Balance – 276 Unsold Units Approximately 60,140.00 sm  <i>(As provided by your goodselves and subject to final survey)</i>
<b>Construction Brief</b>	: The total construction sum is about S\$735,300,000/- (excluding GST). All development charge/ differential premium have been paid.  As at 30 April 2014, the construction cost paid to date is S\$666,120,000/-. The development cost incurred is at S\$43,160,000/-.  The project is targeted to complete by 3 <sup>rd</sup> quarter of 2014
<b>Master Plan Zoning</b>	: The Master Plan Zoning is "Residential" at gross plot ratio 2.8 The approved gross plot ratio is 2.9064
<i>Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.</i>	
<b>Annual Value</b>	: S\$108,425,000/-
<b>Basis of Valuation</b>	: 1) As Is Basis; and  2) Gross Development Value of Whole Development, assuming satisfactory completion
<b>Methods of Valuation</b>	: Direct Comparison Method/ Residual Value Method

V/A/D/C/D/E/F/G/H/J/K/L & 3/5/7/8/11/13/15 Leedon Heights  
C/LEEDON  
Singapore 267939 to 267955, 256224 & 266225  
Our Ref: 2014/81

Page 2

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### Valuation

- In view of the foregoing and taking into consideration the prevailing market conditions, we are of the opinion that the market values of the subject property subject to vacant possession and free from all encumbrances are as follows :-

DATE OF VALUATION

30 APRIL 2014

A) As is Basis

MARKET VALUE

S\$3,024,000,000/-

(SINGAPORE DOLLARS THREE BILLION AND TWENTY-FOUR MILLION ONLY)

B) Gross Development Value Of Whole Development Upon Satisfactory Completion And Issuance Of Temporary Occupation Permit And Certificate Of Statutory Completion

MARKET VALUE

S\$3,725,000,000/-

(SINGAPORE DOLLARS THREE BILLION SEVEN HUNDRED AND TWENTY-FIVE MILLION ONLY)

(Based On A Total Saleable Area Of Some 230,739.00 sm)

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

CWSSA/

This valuation certificate is subject to the attached Limiting Conditions.

1/A/B/C/D/E/F/G/H/I/J/K/L & 3/5/7/9/11/13/15 Leedon Heights  
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Singapore 267838 to 267955, 268224 & 268225  
Our Ref: 2014/81

Page 3

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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1290 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10104

### VALUATION CERTIFICATE

#### GENERAL INFORMATION

Common Property Name:	425 Park Avenue
Client:	<b>Hotel Properties Limited</b>
Legal Description	Block 1310 Lot 1
Location:	Between East 55th and East 56th Streets New York, New York County, NY 10022  The subject is located on the east side of Church Street between Barclay Street and Park Place in Downtown Manhattan.
Gross Building Area:	564,335 square feet
Net Rentable Area:	674,998 square feet
Land Area:	27,950 square feet
Brief Description:	The property is divided into three positions; a leased fee estate owned by T-C 425 Park Avenue, LLC c/o Teachers Insurance and Annuity Association, a master leasehold estate or sandwich position owned by 425 Park Avenue Ground Lessee, L.P. and a sub leasehold estate owned by 425 Park Avenue Company. <b>The subject property is the master leasehold estate or sandwich position.</b>
Date of Valuation:	1 May 2014
Market Value "As Is":	\$200,000,000
Prepared By:	Cushman & Wakefield, Inc.





**VALUATION SUMMARY**

**190 Orchard Boulevard, Four Seasons Hotel, Singapore 248646**

<b>Client:</b>	Hotel Properties Limited
<b>Registered Proprietor:</b>	HPL Properties Pte Ltd
<b>Legal Description:</b>	Lot 1135P Town Subdivision 24
<b>Interest Valued:</b>	Freehold
<b>Master Plan Zoning: (2008 Edition)</b>	"Hotel" gross plot ratio of 4.9+
<b>Brief Description:</b>	<p>A 255-room hotel and retail units located within a 16-storey tower on a 5-storey podium block with 3 basement level, completed in 1994.</p> <p>Facilities provided within the hotel include food and beverage outlets, recreation facilities such as fitness centre, gymnasium and swimming pools, indoor/outdoor tennis court, business centre and conference/banquet/meeting facilities.</p>
<b>Site Area:</b>	6,288.8 sq.m
<b>Gross Floor Area (GFA)*:</b>	Approximately 34,602.5 sq.m.
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach
<b>Tenancy:</b>	<p>According to the information provided, for the year 2014 (January to March), the hotel achieved an average room rate of about S\$462/- and occupancy rate of 78.7%.</p> <p>The total effective monthly gross rental of retail space is S\$65,125 for tenancies expiring on an average term of 2.5 years. The retail space is currently at 100% occupancy.</p>
<b>Inspection Date:</b>	5 May 2014
<b>Valuation Date:</b>	12 May 2014
<b>Valuation:</b>	<p><b>Market Value</b>  <b>S\$365,000,000/-</b>  (Singapore Dollars Three Hundred And Sixty-Five Million)</p>

\* according information provided by HPL Properties Pte Ltd



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

581 Orchard Road, Hilton Hotel, Singapore 238883

<b>Client:</b>	Hotel Properties Limited	
<b>Registered Proprietor:</b>	Hotel Properties Limited	
<b>Master Plan Zoning: (2008 Edition)</b>	'Hotel' gross plot ratio of 4.9+	
<b>Brief Description:</b>	<p>A 423-room hotel and retail units located within a 24-storey building with a basement carpark. The hotel development was completed around 1970s with progressive renovation works done over the past years.</p> <p>Facilities provided within the hotel include food and beverage outlets, recreation facilities such as gymnasium and swimming pool, business centre and conference /banquet/ meeting facilities.</p>	
<b>Legal Description:</b>	Lot 99315M Town Subdivision 24	Lot 99338K Town Subdivision 24
<b>Interest Valued:</b>	999 years commencing from 30 October 1871	Freehold
<b>Site Area:</b>	3,419.3 sq.m.	2,208.3 sq.m.
<b>Gross Floor Area (GFA)*:</b>	Approximately 39,768.7 sq.m.	
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach	
<b>Tenancy:</b>	<p>According to the information provided, for the year 2014 (January to March), the hotel achieved an average room rate of about S\$322/- and occupancy rate of 80.29%.</p> <p>The total effective monthly gross rental of retail space is S\$521,481 for tenancies expiring on an average term of 1.8 years. The retail space is currently at 100% occupancy.</p>	
<b>Inspection Date:</b>	5 May 2014	
<b>Valuation Date:</b>	12 May 2014	
<b>Valuation:</b>	<p><b>Market Value</b>  <b>S\$530,000,000/-</b>            (Singapore Dollars Five Hundred And Thirty Million)</p>	

\* according information provided by HPL Properties Pte Ltd

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

**100 Orchard Road, Concorde Hotel Singapore, Singapore 238340**

<b>Client:</b>	Hotel Properties Limited
<b>Registered Proprietor:</b>	Luxury Hotels (1985) Pte Ltd
<b>Legal Description:</b>	Lots U947M and accessory lots A103K and A104N Town Subdivision 19.
<b>Interest Valued:</b>	99 years commencing from 17 August 1979.
<b>Master Plan Zoning: (2008 Edition)</b>	'Hotel' gross plot ratio of 4.9+.
<b>Brief Description:</b>	<p>A 407-room hotel and 3 retail units located within a 9-storey building with 3 basements and a 4-storey annex block, completed in 1984.</p> <p>Facilities provided within the hotel include food and beverage outlets, recreation facilities such as fitness centre, gymnasium and swimming pool, business centre and conference/banquet/ meeting facilities.</p>
<b>Site Area:</b>	3,926 sq.m.
<b>Strata Floor Area:</b>	35,447.0 sq.m. with accessory lots of 35.0 sq.m. and 1,469.0 sq.m.
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach
<b>Tenancy:</b>	<p>According to the information provided, for the year 2014 (January to March), the hotel achieved an average room rate of about S\$225/- and occupancy rate of 81.7%.</p> <p>The total monthly gross rental of the retail space is S\$30,427.70 for tenancies expiring on an average term of 2 years. The retail space is currently at 100% occupancy.</p>
<b>Inspection Date:</b>	30 April 2014
<b>Valuation Date:</b>	12 May 2014
<b>Valuation:</b>	<p><b>Market Value</b>  <b>S\$243,000,000/-</b>  (Singapore Dollars Two Hundred And Forty-Three Million)</p>

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

31 Tomlinson Road, Tomlinson Heights, Singapore 247855

<b>Client:</b>	Hotel Properties Limited
<b>Registered Developer:</b>	Yarra Investments Pte Ltd
<b>Legal Description:</b> (Whole development)	Lot 826M Town Subdivision 24.
<b>Interest Valued:</b>	Freehold
<b>Master Plan Zoning:</b> (2008 Edition)	Residential
<b>Brief Description:</b>	<p>38 unsold units* located within a 36-storey residential development with basement carpark.</p> <p>The subject development comprises a total of 70 units of apartments/penthouses of various sizes and layouts with sizes ranging from 236 sq.m. to 459 sq.m. housed in a 36-storey block with roof terrace. Access to the upper storeys is facilitated by lifts and staircases.</p> <p>Facilities provided within the development include swimming pool, play pool/children's pool, jacuzzi, male/female changing rooms with steam room, barbeque pavilion, outdoor sitting area, children's playground, function room and gymnasium. In addition, basement carparking lots are also available within the development.</p>
<b>Site Area:</b>	7,143.2 sq.m.
<b>Total Floor Area**:</b>	Approximately 12,212 sq.m.
<b>Valuation Methodologies:</b>	Direct Comparison Approach
<b>Tenancy:</b>	Vacant as at the date of inspection.
<b>Inspection Date:</b>	2 May 2014
<b>Valuation Date:</b>	12 May 2014
<b>Valuation:</b> (unit-by-unit basis)	<p><b>Market Value</b></p> <p><b>S\$330,000,000/-</b></p> <p>(Singapore Dollars Three Hundred And Thirty Million)</p>

\* details of the properties are appended in the certificate.  
 \*\* according to developer's brochure

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### APPENDIX

#### TOMLINSON HEIGHTS (as at 30 April 2014)

##### 3-Bedroom

S/No.	UNIT NO.	TYPE	AREA (Sq. Ft.)
1	35-02	A2-2	2 540
2	35-01	A1-2	2 540
3	33-02	A2	2 734
4	33-01	A1-1	2 734
5	31-02	A2	2 734
6	31-01	A1-1	2 734
7	29-02	A2	2 734
8	29-01	A1-1	2 734
9	27-02	A2	2 734
10	27-01	A1-1	2 734
11	25-02	A2	2 734
12	25-01	A1-1	2 734
13	23-02	A2	2 734
14	23-01	A1	2 734
15	21-02	A2	2 734
16	05-01	A1	2 734

##### 5-Bedroom

S/No.	UNIT NO.	TYPE	AREA (Sq. Ft.)
17	34-02	B2	4 004
18	32-02	B2	4 004
19	32-01	B1	4 004
20	30-02	B2	4 004
21	30-01	B1	4 004
22	28-02	B2	4 004
23	28-02	B2	4 004
24	28-01	B1	4 004
25	24-02	B2	4 004
26	24-01	B1	4 004
27	20-01	B1	4 004
28	18-02	B2	4 004
29	18-01	B1	4 004
30	16-01	B1	4 004
31	14-02	B2	4 004
32	14-01	B1	4 004
33	12-01	B1	4 004
34	08-01	B1	4 004
35	04-02	B2	4 004
36	04-01	B1	4 004
37	02-02	B2	4 004
38	02-01	B1	4 004

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

**21 Cuscaden Road #01-08, Ming Arcade, Singapore 249720**

<b>Client:</b>	Hotel Properties Limited
<b>Registered Proprietor:</b>	McShope Investments Pte Ltd
<b>Legal Description:</b>	Lot U3349P Town Subdivision 24
<b>Interest Valued:</b>	Freehold
<b>Master Plan Zoning: (2008 Edition)</b>	'Commercial' gross plot ratio of 4.2+
<b>Brief Description:</b>	<p>Ming Arcade is a 7-storey commercial building with 3 basement levels.</p> <p>There are 6 open car park lots within the compound of the development.</p> <p>The building is served by 2 passenger lifts and 1 fire lift for all levels and escalators for the 1st basement level to the 5th storey. Male and female toilets are provided on every level.</p>
<b>Strata Floor Area:</b>	15.0 sq.m.
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach
<b>Tenancy:</b>	The subject property is tenanted at a monthly gross rental of \$636.60.
<b>Inspection Date:</b>	29 April 2014
<b>Valuation Date:</b>	12 May 2014
<b>Valuation:</b>	<p><b>Market Value:</b>  <b>\$535,000/-</b>  (Singapore Dollars Five Hundred And Thirty-Five Thousand)</p>



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

21 Cuscaden Road #B3-00, Ming Arcade, Singapore 249720

**Client:** Hotel Properties Limited

**Registered Proprietor:** McVing Investments Pte Ltd

**Legal Description:** Lot U3332M Town Subdivision 24

**Interest Valued:** Freehold

**Master Plan Zoning:** 'Commercial' gross plot ratio of 4.2+  
(2008 Edition)

**Brief Description:** Ming Arcade is a 7-storey commercial building with 3 basement levels.  
There are 6 open car park lots within the compound of the development.  
The building is served by 2 passenger lifts and 1 fire lift for all levels and escalators for the 1st basement level to the 8th storey. Male and female toilets are provided on every level.

**Strata Floor Area:** 599.0 sq.m

**Valuation Methodologies:** Capitalisation Approach and Direct Comparison Approach

**Tenancy:** The subject property is tenanted at a monthly gross rental of \$17,401.5.

**Inspection Date:** 29 April 2014

**Valuation Date:** 12 May 2014

**Valuation:** **Market Value**  
**S\$7,100,000/-**  
(Singapore Dollars Seven Million and One Hundred Thousand)



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

21 Cuscaden Road #B1-08, #B1-09 & #01-01, Ming Arcade, Singapore 249720

**Client:** Hotel Properties Limited

**Registered Proprietor:** MinWyn Investments Pte Ltd

Unit No:	#B1-08	#B1-09	#01-01
<b>Legal Description:</b>	Lot U3333W Town Subdivision 24	Lot U3334V Town Subdivision 24	Lot U3341K Town Subdivision 24
<b>Strata Floor Area:</b>	27.0 sq.m.	26.0 sq.m.	30.0 sq.m.
<b>Monthly Gross Rental:</b>	S\$900.00	S\$900.00	S\$1,500.00

**Interest Valued:** Freehold

**Master Plan Zoning:** (2008 Edition) 'Commercial' gross plot ratio of 4.2\*

**Brief Description:** Ming Arcade is a 7-storey commercial building with 3 basement levels.  
  
There are 6 open car park lots within the compound of the development.  
  
The building is served by 2 passenger lifts and 1 fire lift for all levels and escalators for the 1st basement level to the 5th storey. Male and female toilets are provided on every level.

**Valuation Methodologies:** Capitalisation Approach and Direct Comparison Approach

**Inspection Date:** 29 April 2014

**Valuation Date:** 12 May 2014

Valuation:	Unit No.	Current Market Value
	#B1-08	S\$850,000/-
	#B1-09	S\$625,000/-
	#01-01	S\$940,000/-
	<b>Total :</b>	<b>S\$2,215,000/-</b> (Singapore Dollars Two Million Two Hundred And Fifteen Thousand)

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY – Cont'd

21 Cuscaden Road #B2-01/02 & #07-00, Ming Arcade, Singapore 249720

<b>Client:</b>	Hotel Properties Limited	
<b>Registered Proprietor:</b>	Travel Bug Touring Pte Ltd	
<b>Unit No:</b>	#B2-01/02	#07-00
<b>Legal Description:</b>	Lot U3343X Town Subdivision 24	Lot U3418M Town Subdivision 24
<b>Strata Floor Area:</b>	620.0 sq.m	457.0 sq.m
<b>Monthly Gross Rental:</b>	S\$20,022.00	S\$29,268.05
<b>Interest Valued:</b>	Freehold	
<b>Master Plan Zoning: (2008 Edition)</b>	'Commercial' gross plot ratio of 4.2+	
<b>Brief Description:</b>	<p>Ming Arcade is a 7-storey commercial building with 3 basement levels.</p> <p>There are 6 open car park lots within the compound of the development.</p> <p>The building is served by 2 passenger lifts and 1 fire lift for all levels and escalators for the 1st basement level to the 6th storey. Male and female toilets are provided on every level.</p>	
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach	
<b>Inspection Date:</b>	29 April 2014	
<b>Valuation Date:</b>	12 May 2014	
<b>Valuation:</b>	<b>Unit No.</b>	<b>Current Market Value</b>
	#B2-01/02	S\$7,600,000/-
	#07-00	S\$7,750,000/-
	<b>Total:</b>	<b>S\$15,550,000/-</b> (Singapore Dollars Fifteen Million Five Hundred And Fifty Thousand)

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

50 Cuscaden Road, HPL House, Singapore 249724

<b>Client:</b>	Hotel Properties Limited
<b>Registered Proprietor:</b>	HPL Orchard Place Pte Ltd
<b>Legal Description:</b>	Lot 1260A Town Subdivision 24
<b>Interest Valued:</b>	Freehold
<b>Master Plan Zoning: (2008 Edition)</b>	'Commercial' gross plot ratio of 4.2*
<b>Brief Description:</b>	HPL House is a 10-storey retail-cum-office building, comprising a 3-storey retail podium, a 7-storey office tower and a basement carpark with 29 carparking lots. We understand that the building was completed in 1982 and was renovated in 2008.
<b>Site Area:</b>	2,065.3 sq.m
<b>Gross Floor Area (GFA)*:</b>	7,378.44 sq.m
<b>Net Lettable Area (NLA):</b>	5,228.87 sq.m
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach
<b>Tenancy:</b>	The total monthly gross rental is S\$212,965.08 for both the retail and office units and occupancy rate is 89.7%.
<b>Inspection Date:</b>	29 April 2014
<b>Valuation Date:</b>	12 May 2014
<b>Valuation:</b>	<b>Market Value</b> <b>S\$108,000,000/-</b> (Singapore Dollars One Hundred And Eight Million)

\* according information provided by HPL Properties Pte Ltd

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

100 Orchard Road #02-69, Concorde Hotel and Shopping Mall, Singapore 238840

<b>Client:</b>	Hotel Properties Limited
<b>Registered Proprietor:</b>	HPL Orchard Place Pte Ltd
<b>Legal Description:</b>	Lot U1015V Town Subdivision 19
<b>Interest Valued:</b>	99 years commencing from 17 August 1979
<b>Master Plan Zoning: (2008 Edition)</b>	'Hotel' gross plot ratio of 4.9+
<b>Brief Description:</b>	<p>The Concorde Hotel and Shopping Mall is a 9-storey building with 3 basements and a 4-storey annex, completed in 1984.</p> <p>The subject property is a corner shop unit located on the 2nd storey of the shopping centre but accessible via the external corridor which is level with Orchard Road. In addition, it is also linked to the 1st storey by an internal spiral staircase.</p>
<b>Strata Floor Area:</b>	132.0 sq.m
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach
<b>Tenancy:</b>	The subject property is currently vacant.
<b>Inspection Date:</b>	29 April 2014
<b>Valuation Date:</b>	12 May 2014
<b>Valuation:</b>	<p><b>Market Value</b>  <b>S\$2,750,000/-</b>  (Singapore Dollars Two Million Seven Hundred And Fifty Thousand).</p>

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

<b>100 Orchard Road #02-40/41/42, Concorde Hotel and Shopping Mall, Singapore 238840</b>			
<b>Client:</b>	Hotel Properties Limited		
<b>Registered Proprietor:</b>	Luxury Properties Pte Ltd		
<b>Unit No:</b>	#02-40	#02-41	#02-42
<b>Legal Description:</b>	Lot U983V Town Subdivision 19	Lot U984P Town Subdivision 19	Lot U985T Town Subdivision 19
<b>Strata Floor Area:</b>	40.0 sq.m	35.0 sq.m	194.0 sq.m
<b>Monthly Gross Rental:</b>	S\$2,619.25	Vacant	S\$10,000.00
<b>Interest Valued:</b>	99 years commencing from 17 August 1979		
<b>Master Plan Zoning: (2008 Edition)</b>	'Hotel' gross plot ratio of 4.9+		
<b>Brief Description:</b>	<p>The Concorde Hotel and Shopping Mall is a 9-storey building with 3 basements and a 4-storey annex, completed in 1984.</p> <p>The subject property comprises 3 adjoining shop units located on the 2nd storey.</p>		
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach		
<b>Inspection Date:</b>	29 April 2014		
<b>Valuation Date:</b>	12 May 2014		
<b>Valuation:</b>	<b>Market Value</b> <b>S\$4,850,000/-</b> (Singapore Dollars Four Million Eight Hundred And Fifty Thousand)		



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

100 Orchard Road, 58 shop units Located in Concorde Hotel and Shopping Mall, Singapore 238840

<b>Client:</b>	Hotel Properties Limited										
<b>Registered Proprietor:</b>	Luxury Complex Pte Ltd										
<b>Legal Description: (for whole development)</b>	Lots 426 & 403X Town Subdivision 19										
<b>Interest Valued:</b>	99 years commencing from 17 August 1979										
<b>Master Plan Zoning: (2008 Edition)</b>	'Hotel' gross plot ratio of 4.9+										
<b>Brief Description:</b>	The Concorde Hotel and Shopping Mall is a 9-storey building with 3 basements and a 4-storey annex, completed in 1984.										
<b>Strata Floor Area:</b>	The subject properties to be valued include 58 shop units located within the shopping centre comprising the following units :- <table border="1"> <thead> <tr> <th>Unit No.</th><th>Strata Area</th></tr> </thead> <tbody> <tr> <td>#01-01, #01-02, #01-100 &amp; #01-101</td><td>4,382 sq.m.</td></tr> <tr> <td>#02-01/02/03, #02-09/10/11/12, #02-15, #02-16/20, #02-23/24/25/26, #02-28/29, #02-34/35/36, #02-43, #02-47/48/49/50, #02-58 &amp; #02-51 to 66</td><td>1,335 sq.m.</td></tr> <tr> <td>#03-01 to #03-22 &amp; #03-100</td><td>1,641 sq.m.</td></tr> <tr> <td><b>Total :</b></td><td><b>7,358 sq.m.</b></td></tr> </tbody> </table>	Unit No.	Strata Area	#01-01, #01-02, #01-100 & #01-101	4,382 sq.m.	#02-01/02/03, #02-09/10/11/12, #02-15, #02-16/20, #02-23/24/25/26, #02-28/29, #02-34/35/36, #02-43, #02-47/48/49/50, #02-58 & #02-51 to 66	1,335 sq.m.	#03-01 to #03-22 & #03-100	1,641 sq.m.	<b>Total :</b>	<b>7,358 sq.m.</b>
Unit No.	Strata Area										
#01-01, #01-02, #01-100 & #01-101	4,382 sq.m.										
#02-01/02/03, #02-09/10/11/12, #02-15, #02-16/20, #02-23/24/25/26, #02-28/29, #02-34/35/36, #02-43, #02-47/48/49/50, #02-58 & #02-51 to 66	1,335 sq.m.										
#03-01 to #03-22 & #03-100	1,641 sq.m.										
<b>Total :</b>	<b>7,358 sq.m.</b>										
<b>Valuation Methodologies:</b>	Capitalisation Approach and Direct Comparison Approach										
<b>Tenancy:</b>	The total monthly gross rental is S\$122,698.01 and occupancy rate is 37%.										
<b>Inspection Date:</b>	29 April 2014										
<b>Valuation Date:</b>	12 May 2014										
<b>Valuation:</b>	<b>Market Value</b> <b>S\$162,000,000/-</b> (Singapore Dollars One Hundred And Sixty-Two Million).										





## Valuation Certificate

Date of Value:	7 May 2014
Valuation prepared for:	The Director's Hotel Properties Limited 50 Cuscaden Road #05-02 HPL House Singapore 249724
Purpose of the Valuation:	For asset evaluation purposes
Property: Address:	Mandarin Oriental Prague Nebovidska 459 1 Prague 11800
Date of Inspection:	Desktop Valuation
Interest Valued:	Freehold interest subject to a management agreement with Mandarin Oriental Hotels
Date of Value:	1 May 2014
Registered Proprietor:	HPL Group
Assumed Capital Expenditure:	€590,000 for renovation of lobby, restaurant and bar and installation of new cooling towers

### PROPERTY DESCRIPTION

Site Area:	5,149 m <sup>2</sup>
Gross Floor Area:	13,000 m <sup>2</sup>
Age:	Opened as a hotel in 2006, origins of the building date back to the 14 <sup>th</sup> century
Property Type:	Full-service, five-star hotel
Guest Rooms & Suites:	99
Food and Beverage Facilities:	An all-day-dining restaurant (Essensia) and a combined lounge and bar (Barego)
Meeting Facilities:	Four meeting rooms (430 m <sup>2</sup> )
Amenities:	A spa with seven treatment rooms, a fitness centre, a business centre, a gift shop

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION

Method of Valuation:	Income Capitalisation Approach
As is Value 'Hotel' 1 May 2014,	£38,500,000, subject to a management agreement with Mandarin Oriental, after a capital expenditure of €590,000
Value Per Room	€389,000

This opinion of value is subject to the comments made throughout and to all assumptions and limiting conditions set out in our Letter of Value dated 7 May 2014.

Yours faithfully  
HVS – LONDON OFFICE

A handwritten signature in black ink, appearing to read 'Christof Bertschi'.

Christof Bertschi  
Associate

A handwritten signature in black ink, appearing to read 'Arlett Oehmichen'.

Arlett Oehmichen, MRICS  
Director

CE:AO

HVS No: 2014050111



## Valuation Summary

<b>Property:</b>	Hard Rock Bali, Jalan Panta, Banjar Pande, Mas, Kuta, Bali, Indonesia
<b>Tenure/Legal Description:</b>	We understand that the entire Property is held on a Hak Guna Bangunan (HGB) right on a Hak Milik right. The Hak Guna Bangunan (HGB Right to Build) Agreement, in favour of PT. Amanda Pramudita (owner of the Hard Rock Hotel Bali), expires on 31 October 2026 with an option to be renewed for another term of 30 years.
<b>Assumed Interest Valued:</b>	Market Value of the HGB interest in the Property held by PT Amanda Pramudita, with the benefit of Vacant Possession and free and clear of the existing Licence Agreement with Hard Rock Limited (but with the Merchandise Operation subject to, and with the benefit of, the existing Licence Agreement with Hard Rock Café Limited for operation under the Hard Rock mark and the Café, subject to and with the benefit of the Licence Agreement for the Hard Rock mark but subject to the existing occupational lease to PT Harapan Rahayu Citra).
<b>Location:</b>	The Hard Rock Hotel Bali is situated on a prime site, in the heart of Kuta along Jl. Pantai Kuta. This is a two-lane, one-way street leading in a south-north direction, with the renowned Kuta beach to its west and a row of hotels on its eastern side. The Property is approximately five kilometres from Bali's Ngurah Rai International Airport.
<b>Property Description:</b>	<p>The Property comprises three principal components namely The Hard Rock Hotel (the "Hotel"), Hard Rock Merchandise Outlets (the "Merchandise Operation") and The Hard Rock Café (the "Café"). The Property comprises three interconnecting buildings housing the Hotel whilst the Hard Rock Café is housed within a separate structure. The Merchandise Operation comprises two outlets, one located within the lobby and the other next to a Starbucks Coffee, which is also part of the subject Property.</p> <p>The Hard Rock Hotel, Bali opened in May 1998 and comprises some 418 rooms (excluding General Manager's Apartment), five food &amp; beverage outlets, conference/function facilities, Spa &amp; Fitness centre, beauty salon, large free form swimming pool with sand bar, Chill Out pool, Kids Club (Tabu), various shops /boutiques, tour /travel office, photo service shop and recording studio and related 'themed' attractions.</p> <p>We understand that there are plans to replace the Starbucks Coffee outlet with a Jamie's Italian Restaurant. We have assumed that the new outlet will open in early 2015.</p>
<b>Site Area :</b>	31,708 sq. m.
<b>Methodology :</b>	Discounted Cashflow

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Market Value:** **USD 82,000,000 (EIGHTY TWO MILLION UNITED STATES DOLLARS)**

Market Value of the HGB interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, with the benefit of Vacant Possession and free and clear of the existing License Agreement with Hard Rock Limited (but with the Merchandise Operation subject to, and with the benefit of, the existing Licence Agreement with Hard Rock Café Limited for operation under the Hard Rock mark and the Café, subject to and with the benefit of the Licence Agreement for the Hard Rock mark but subject to the existing occupational lease to PT Harapan Rahayu Citra), having regard to trading potential (i.e. on a 'going concern' basis).

**Date of  
Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Four Seasons Resort Maldives at Kuda Huraa, Kuda Huraa Island, North Malé Atoll, Republic of Maldives
<b>Tenure/Legal Description:</b>	<p>Interest held by HPL Resorts (Maldives) Private Ltd. by way of a head lease with a remaining term of approximately 31 years as at the Valuation Date.</p> <p>The island which comprises the subject Property is held by way of a head lease from The Government of the Republic of Maldives to HPL Resorts (Maldives) Private Ltd. The lease was originally for a term of 21 years plus an additional four years (total of 25 years) from 16 April 1995, expiring on 15 April 2020. By way of two Addendums to the Lease Agreement, the lease has been extended to a term of 50 years from 16 April 1995 expiring 15 April 2045.</p> <p>We have also been advised that in June 2013, the Client secured the lease rights over Vabboahuraa (5650 sq. m.) and Huraa Rahgandu (590 sq. m.), the sand bank at the end of the water villas, increasing the size to approximately 69,224 sq. m. in total for four islands. We have been provided with an addendum to the lease agreement of Kuda Huraa dated 2 June 2013 which includes the island of Vabboahuraa as part of the definition of the Island in the original lease agreement. A separate addendum dated 22 August 2013 has been provided which includes the islands of Huraa Rahgandu in Kaafu Atoll as part of the definition of Island in the original lease agreement. Rent on these additional islands will be calculated separately under the Maldives Tourism Act (Law No. 2/99). The term of the lease for both islands will mirror the lease of the main Island.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by HPL Resorts (Maldives) Private Ltd., subject to the existing Management Agreement with Four Seasons Hotels and Resorts Asia Pacific Pte Ltd.
<b>Location:</b>	The Four Seasons Resort Maldives at Kuda Huraa is located in the northern part of the Maldives Archipelago on Kuda Huraa in the North Malé Atoll. Malé International Airport is situated on Malé, the capital city of the Republic of the Maldives, is approximately 20 kilometres to the south of the resort and transportation is provided by speed boat with a journey time of approximately 25 minutes from the airport.
<b>Property Description:</b>	<p>The Four Seasons Resort Maldives at Kuda Huraa first opened in 1997. The Property comprises four islands: the main resort island, the spa island located in the same lagoon, a minute away by dhoni and the picnic island and sandbank just off the main resort island.</p> <p>The Property comprises 96 beach and water bungalows, all of which are furnished in a modern tropical style. The Resort also comprises six restaurants and bars. The spa comprises seven treatment pavilions, each with its own bathing facilities. The Property also operates its own licensed dive centre, surf school and water sport centre. Other facilities include two infinity pools, gym, library, recreation centre, lounge, Kids Club, Teen Centre and clinic.</p>
<b>Site Area :</b>	69,224 sq. m.

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Methodology :** Discounted Cashflow

**Market Value:** **USD 75,000,000** (SEVENTY FIVE MILLION UNITED STATES DOLLARS)

Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).

**Date of  
Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.





## Valuation Summary

<b>Property:</b>	Four Seasons Resort Maldives at Landaa Giraavaru, Landaa Giraavaru Island, Baa Atoll, Republic of Maldives.
<b>Tenure/Legal Description:</b>	<p>Interest held by Landaa Giraavaru Private Ltd. by way of a head lease with a remaining term of approximately 35.7 years remaining as at the Valuation Date.</p> <p>The island which comprises the subject Property is held by way of a head lease from The Government of the Republic of Maldives to Landaa Giraavaru Private Ltd. The head lease has been extended to a term of 50 years from 27 December 1999 and shall expire on 26 December 2049.</p> <p>The Client has acquired a sandbank island known as Voavah near to the main island for a term of 21 years from May 2013. The size of the island is approximately 13,064 sq. m.</p> <p>We have been advised that an additional island known as Bathala Island has been leased by the Client from October 2013 for a period of 21 years. The size of the island is approximately 24,800 sq. m.</p> <p>Both Bathala and Voavah are within 10 km of Landaa Giraavaru.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Landaa Giraavaru Private Ltd., subject to the existing Management Agreement with Four Seasons Hotels and Resorts Asia Pacific Pte Ltd.
<b>Location:</b>	The Four Seasons Resort Maldives at Landaa Giraavaru is located in the northern part of the Maldives Archipelago on Landaa Giraavaru in the Baa Atoll. Malé International Airport is situated on Malé, the capital city of the Republic of the Maldives, which is approximately 120 kilometres to the south of the resort and transportation is provided by sea plane with a direct journey time of approximately 25 to 35 minutes to the airport.
<b>Property Description:</b>	<p>The Four Seasons Resort Maldives at Landaa Giraavaru was opened in November 2006, and comprises 103 beach and water villas. The design concept of the Property was based on traditional Maldivian architectural principles and also incorporates the use of traditional construction materials and craftsmanship.</p> <p>The Landaa Spa &amp; Ayurvedic Retreat complex comprises 10 thatched treatment pavilions. Other facilities include eight restaurants and bars, licensed dive centre, water sport centre, three fresh water pools, a seawater pool, a recreation centre with health club, Young Adults' Club, the Kids' Club, a library, a resort shop, a dive retail shop and the spa shop. In addition, there are also meeting rooms, a tennis court, yoga pavilion and a marine research centre.</p>
<b>Site Area:</b>	191,314 sq. m.

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Methodology :** Discounted Cashflow

**Market Value:** **USD 120,000,000** (ONE HUNDRED AND TWENTY MILLION UNITED STATES DOLLARS)

Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).

**Date of Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Rihiveli Beach Resort, South Malé Atoll, Republic of Maldives
<b>Tenure/Legal Description:</b>	Interest held by MAT (Maldives) Private Ltd. by way of a sub-lease with a remaining term of approximately 1.5 years as at the Valuation Date.
<b>Assumed Interest Valued:</b>	Market value of the leasehold interest of the Property held by MAT (Maldives) Private Ltd. subject to the existing management agreement with HPL Hotels & Resorts.
<b>Location:</b>	Rihiveli Beach Resort is located in South Malé Atoll, nearby to Sunrise and Birds Island which are both easily accessible by foot. Malé International Airport is located 47 kilometres north of the Property and is accessible via speedboat in approximately one hour.
<b>Property Description:</b>	The Property comprises 48 bungalows, most of which are approximately 32 sq. m. in size, a restaurant and bar, a diving school, a communal hall, a library, a boutique and spa. The Resort also offers a wide array of water sporting activities including kayaking, windsurfing, wakeboarding and water skiing.
<b>Site Area:</b>	35,121 sq. m.
<b>Methodology :</b>	Discounted Cashflow
<b>Market Value:</b>	NO VALUE  Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).
<b>Date of Valuation :</b>	30 April 2014
<b>Notice :</b>	This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Holiday Inn Resort Kandooma Maldives, Kandooma Fushi, South Malé Atoll, Republic of Maldives.
<b>Tenure/Legal Description:</b>	<p>Interest held by Leisure Holidays Private Ltd. by way of a sub-lease with a remaining term of approximately 31.6 years remaining as at the Valuation Date.</p> <p>The island is held by Leisure Holidays Private Ltd. by way of a sub-lease from Kandooma Holdings Private Ltd. The head lease is granted by the Government of the Republic of Maldives (the "Head Lessor") to Kandooma Holdings Private Ltd. (the "Lessor"). The head lease has been extended for a term of 50 years from 16 April 1995, and shall expire on 15 April 2045.</p> <p>Kandooma Holdings Private Ltd has in turn granted a sub-lease to Leisure Holidays Private Ltd., the registered owner of the Resort. According to the Sublease Agreement dated 24 April 2005, the Lessor granted a sub-lease of the island to Leisure Holidays Private Ltd. for a period of 15 years commencing from 16 April 2005. Under the agreement, Leisure Holidays has to pay an annual sub-lease rent in addition to the annual rent for the head lease.</p> <p>It is also provided in the Sublease Agreement that in the event the head lease is being extended, the sub-lease period shall be automatically extended by the Lessor to expire not later than 12 months prior to the expiry of the extended head lease period given by the Head Lessor. Hence, the sub-lease is assumed to have been extended as per the head lease agreement in accordance with this clause.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Leisure Holidays Private Ltd., subject to the existing Management Agreement with InterContinental Hotels Group (Asia Pacific) Pte Ltd.
<b>Location:</b>	Holiday Inn Resort Kandooma Maldives is located in the central part of the Maldives Archipelago on Kandooma Fushi, South Male Atoll. Malé International Airport is situated on Malé, the capital city of the Republic of the Maldives, which is approximately 35 kilometres to the north of the resort and transportation is provided by speedboat with a journey time of approximately 45 to 55 minutes from the airport.
<b>Property Description:</b>	<p>The Holiday Inn Resort Kandooma Maldives (formerly known as Kandooma Maldives prior to being re-branded to Holiday Inn Resort Kandooma Maldives with effect from 1 November 2009) was completed in May 2008 and opened in June 2008. The Property comprises 160 villas together a total of seven food and beverage outlets.</p> <p>The Property also provides a spa, which is leased to and operated by a third party (COMO Shambhala) which comprises five treatment rooms. In addition, other facilities include a dive centre operated by Euro Divers, an 80-metre outdoor fresh water pool with jacuzzi and children's pool, a gym and a kids club.</p>
<b>Site Area:</b>	111,700 sq. m.
<b>Methodology :</b>	Discounted Cashflow

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Market Value:** **USD 46,000,000** (FORTY SIX MILLION UNITED STATES DOLLARS)

Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).

**Date of  
Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Six Senses Laamu, Olhuveli Island, Laamu Atoll, Republic of Maldives
<b>Tenure/Legal Description:</b>	<p>Interest held by Leisure Frontiers Private Ltd. by way of a head lease with a remaining term of approximately 41.0 years remaining as at the Valuation Date.</p> <p>The island which comprises the Property is held by way of a head lease from The Government of the Republic of Maldives to Leisure Frontiers Private Ltd. The head lease is held for a term of 50 years expiring in May 2055.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Leisure Frontiers Private Ltd., subject to the existing Management Agreement with Six Senses Hotels Resorts Spas.
<b>Location:</b>	The Six Senses Laamu is located on Olhuveli Island within Laamu Atoll. The Resort is approximately 250 kilometres south of Malé and is accessible via a 35-minute domestic flight to Kadhdhoo Airport and a subsequent 20-minute speedboat ride to the Resort.
<b>Property Description:</b>	The Property comprises 70 over-water villas and 27 beachfront villas, positioned around the perimeter of the island. Other facilities include LEAF restaurant, the Water Sports Centre and the Six Senses Spa.
<b>Site Area :</b>	168,120 sq. m.
<b>Methodology :</b>	Discounted Cashflow
<b>Market Value:</b>	<b>USD 71,000,000</b> (SEVENTY ONE MILLION UNITED STATES DOLLARS)
	Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).
<b>Date of Valuation :</b>	30 April 2014
<b>Notice :</b>	This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.





## Valuation Summary

<b>Property:</b>	Gili Lankanfushi, Lankanfushi Island, North Malé Atoll, Republic of Maldives
<b>Tenure/Legal Description:</b>	<p>Interest held by Promus Private Ltd. by way of a sub-lease with a remaining term of approximately 29.2 years remaining as at the Valuation Date.</p> <p>The island is held by way of a sub-lease from Transco Private Limited to Promus Private Ltd. The island was leased by the Government to Transco Private Limited for an original term of 21 years based on the Head Lease Agreement signed on 13 April 1995. This was subsequently extended to 25 years from this date pursuant to the Maldives Tourism Act of 16 May 1999. Based on Section 8 of Law No. 2/99, land for tourist resorts, we understand that the head-lease was extended to the maximum of 50 years, expiring on 12 April 2045.</p> <p>From the Addendum to the Sub-Lease dated 15 November 2007, the Sub-Lease between Transco Private Limited and Promus Private Limited commenced on 15 June 2000 for a period of 28 years and shall expire on 14 June 2028. In November 2012, based on the Fifth Addendum to the Sub-Lease, the lease has been extended by a further 15 years, ending 30 June 2043.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Promus Private Ltd., subject to the existing management agreement with HPL Hotels & Resorts.
<b>Location:</b>	The Property is situated on the island of Lankanfushi in North Malé Atoll and enjoys an excellent location some nine kilometres north of Malé International Airport. Access to the Property is primarily via speedboat which takes approximately 20 minutes from Malé International Airport.
<b>Property Description:</b>	Gili Lankanfushi opened in 2001 and offers 45 over-water villas, which are built in a traditional style from natural materials. The Property has two restaurants, a bar, Wine Cellar & Chocolate Cave, various private dining locations, Spa, a Wedding Champa, eco centre, swimming pool, gymnasium with a yoga chamber, tennis court, table tennis area, outdoor cinema, a library, resort boutique and dive centre.
<b>Site Area :</b>	93,413 sq. m.
<b>Methodology :</b>	Discounted Cashflow
<b>Market Value:</b>	<p><b>USD 50,000,000 (FIFTY MILLION UNITED STATES DOLLARS)</b></p> <p>Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).</p>
<b>Date of Valuation :</b>	30 April 2014
<b>Notice :</b>	This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Maamunagau Island, Raa Atoll, Republic of Maldives
<b>Tenure/Legal Description:</b>	<p>Interest held by Leisure Horizons Private Ltd. by way of a head lease with a remaining term of approximately 49.7 years remaining as at the Valuation Date.</p> <p>We understand that the island is held by way of a head lease from the Government of Maldives to Leisure Horizons Private Ltd. for a term of 50 years commencing on 15 January 2014 and expiring on 15 January 2064. The land was purchased for a sum of USD 3,650,000 from Millennium Capital Management Private Limited.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Leisure Horizons Private Ltd.
<b>Location:</b>	The island is located in Raa Atoll, approximately 154 kilometres northwest of Malé. We understand that travel time from Malé International Airport would be approximately 35 minutes by seaplane. There are currently no domestic airports in close proximity to the island.
<b>Property Description:</b>	<p>The island is currently uninhabited with a few permanent structures. It is oval in shape and generally flat based on the provided topographic survey.</p> <p>We understand that there are currently no development plans or planning permission for the development of the island.</p>
<b>Site Area:</b>	84,000 sq. m.
<b>Methodology :</b>	Discounted Cashflow, Direct / Market Comparison, Residual
<b>Market Value ('As Is'):</b>	<p><b>USD 3,650,000</b> (THREE MILLION SIX HUNDRED AND FIFTY THOUSAND UNITED STATES DOLLARS)</p> <p>Market Value of the leasehold interest in the site in its existing state with development potential</p>
<b>Market Value with Special Assumptions ('As if Development has Completed'):</b>	<p>You have also requested that we provide our opinion of value on the Special Assumption that the development works have been completed as at the Valuation Date. We understand that the Client has not drawn up any development schemes. Accordingly, we have been required to assume a hypothetical development that may be considered a likely use of the island has been completed.</p> <p>We understand that approximately 50 resort rooms together with typical ancillary facilities may be developable. Accordingly, our valuation ensures that development of an upscale resort together with restaurant, bar and spa has been developed and is managed by a reputable internationally branded operator, and is open and ready to trade as at the Valuation Date. We have been advised that the estimated cost to develop this resort is approximately USD40.7 million.</p> <p>Please note, the development works considered for the purposes of this valuation with Special Assumptions represent a hypothetical development which we consider reasonable given the land type. However, this assumed hypothetical development has been made in the absence of the full investigations that may be made into development</p>

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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potential by architects and other qualified professionals as part of the development process. Therefore, a greater degree of subjectivity attaches to our valuation.

**USD 46,000,000 (FORTY SIX MILLION UNITED STATES DOLLARS)**

Market Value of the leasehold interest in the Property with the Special Assumption that the island has been developed into an upscale resort with 50 keys and is open as at the Valuation Date with all ancillary facilities and managed by an international operator, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, having regard to trading potential (i.e. on a 'going concern' basis).

**Date of  
Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Four Seasons Resorts Seychelles, Petite Anse, Baie Lazare, Mahé Island, Republic of Seychelles
<b>Tenure/Legal Description:</b>	<p>Interest held by Petite Anse Development Ltd. by way of a lease with a remaining term of approximately 92.8 years remaining as at the Valuation Date.</p> <p>We understand that the land which the Hotel sits upon is held under a part freehold and part leasehold title. Based on a summary provided by the Client, the freehold portion of the site comprises 151,791 sq. m. of the total plot area whilst the leasehold portion comprises 254,727 sq. m. The leasehold portion of the site is held by way of a lease for a term of 99 years, which commenced on 8 February 2008 and expires on 7 February 2107.</p>
<b>Assumed Interest Valued:</b>	Market Value of the part freehold / part leasehold interest in the Property held by Petite Anse Development Ltd. subject to the existing management agreement with Four Seasons Hotels Limited.
<b>Location:</b>	The Property is located on the southwest coast of Mahé Island near the beach of Petite Anse and overlooking the Indian Ocean. Seychelles International Airport is located approximately 15 kilometres from the Property and is approximately a 26 minute drive depending on traffic conditions.
<b>Property Description:</b>	The Four Seasons Resort Seychelles comprises 67 luxury villas with views of both the Indian Ocean and the surrounding tropical forest. The Resort also comprises two restaurants, featuring international and local Creole cuisines, a spa, a fitness centre, a dive centre and a surf centre.
<b>Site Area :</b>	406,518 sq. m.
<b>Methodology :</b>	Discounted Cashflow
<b>Market Value:</b>	<b>EUR 63,500,000 (SIXTY THREE MILLION FIVE HUNDRED THOUSAND EUROS)</b>  Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis). For the purposes of this valuation, we have excluded the rental income from the 9 unsold private residences.
<b>Date of Valuation :</b>	30 April 2014
<b>Notice :</b>	This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



### Valuation Summary

**Property:** Four Seasons Residences Seychelles (remaining unsold units comprising nine residences)

**Tenure/Legal Description:** We have been advised that the land for each of the nine unsold residences is freehold and is currently held by Petite Anse Development Ltd.

**Assumed Interest Valued:** Aggregate Market Value of the freehold interest in the nine unsold residences. We understand from Four Seasons Management that residents have rights to all Four Seasons facilities and have the option of placing their unit within a rental pool.

**Location:** The Residences are located on the southwest coast of Mahé Island near the beach of Petite Anse and overlooking the Indian Ocean. Seychelles International Airport is located approximately 15 kilometres from the Property and is approximately a 26 minute drive depending on traffic conditions.

**Property Description:** The Four Seasons Residences Seychelles comprises of 28 luxury residences ranging from 350 sq. m to 700 sq. m of internal area. Residences comprise 3-bedroom to 6-bedroom units, arranged over two separate levels with individual infinity swimming pools and lounge areas. Residential units are fitted out with the latest state-of-the-art equipment and luxury furnishings. Residents are allowed to access any of the facilities within the Four Seasons Resorts.

We understand that nine of the 28 units have not been sold and are the subject of this valuation. The unit sizes and individual parcel numbers are as follows:

Postal No.	Parcel No.	Internal Area (sq. m.)	Site Area (sq. m.)
2	T3036	534	7,498
4	T3034	653	9,254
6	T3046	540	12,127
7	T3038	528	7,436
9	T3044	579	12,866
11	T3040	457	9,139
18	T3030	463	7,736
25	T2945	549	14,966
26	T2946	348	6,082
<b>Total</b>		<b>4,651</b>	<b>87,104</b>

Source: Client

**Methodology :** Direct / Market Comparison

**Aggregate Market Value:** **USD 80,000,000 (EIGHTY MILLION UNITED STATES DOLLARS)**

Aggregate Market Value of the nine unsold residences. No allowance has been made for phasing of sales nor has allowance been made for any effect on pricing that may arise as a result of all residences being offered for sale as a single transaction.

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Date of  
Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.





## Valuation Summary

<b>Property:</b>	Uma by COMO, Bhutan (comprising of Uma Paro and Uma Punakha)
<b>Tenure/Legal Description:</b>	<p>Uma Paro: We understand that the land is held by way of a lease from M/s Tashi Commercial Corporation to M/s Bhutan Eco Venture Limited. The lease is held for a period of 30 years and nine months starting from 1 December 2002 and expiring on 30 August 2031 (remaining term of 19.4 years as at the Valuation Date). M/s Bhutan Eco Venture Limited has the option to renew the lease for another ten years at the end of the initial term.</p> <p>Uma Punakha: The land which Uma Punakha is situated on is held by way of a lease from Her Royal Highness Ashi Sonam Choden Wangchuck to Bhutan Eco Ventures (P) Limited. The lease is held for a term of 30 years from 16 October 2006 and expiring on 15 October 2036 (remaining term of 22.5 years as at the Valuation Date). Bhutan Eco Ventures (P) Limited has the option to renew the lease for another ten years at the end of the initial term.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property (comprising of Uma Paro and Uma Punakha) subject to the existing management agreement with COMO Hotels & Resorts (Asia) Pte Ltd.
<b>Location:</b>	<p>Uma Paro is located within Paro Valley, giving guests easy access to the Tiger's Nest monastery and other cultural sites in the area. Paro International Airport is approximately a ten-minute drive from the Hotel.</p> <p>Located on the bank of the Mo Chu river, Uma Punakha is located in Punakha Valley, some 126 kilometres northwest of Paro. As the only international airport is located at Paro, guests have to take a three to four hour drive from the airport to arrive at the Hotel in Punakha.</p>
<b>Property Description:</b>	<p>Situated on a tree-clad hill, Uma Paro comprises nine villas and 20 rooms ranging from 25 sq. m. to 300 sq. m. in size. Other facilities at the Hotel include two F&amp;B outlets, Bukhari and Uma Bar, a spa (COMO Shambhala Retreat), a pool and several small meeting rooms for weddings and other events.</p> <p>Uma Punakha comprises 11 keys of which two are stand-alone villas (one of which has two keys) and eight are rooms with a view of the valley. Rooms range from 27 to 34 sq. m. while villas go up to 90 sq. m. with a large outdoor terrace. Other facilities at the Hotel include Bukhari, the Property's only restaurant and a spa (COMO Shambhala Retreat).</p>
<b>Site Area:</b>	<p>Uma Paro - Approximately 35 acres.</p> <p>Uma Punakha – Approximately 5 acres.</p>
<b>Methodology :</b>	Discounted Cashflow

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Market Value:** **USD 14,300,000** (FOURTEEN MILLION THREE HUNDRED THOUSAND UNITED STATES DOLLARS)

Market Value of the leasehold interest in the Property comprising of Uma Paro and Uma Punakha, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).

**Apportioned Value:** We note that the Uma by COMO Bhutan comprises of two component lodges, which are marketed and operated as a single entity and, therefore, are likely to be transacted as a single entity. You have requested that we provide an apportionment of our value between Uma Paro and Uma Punakha. We have apportioned the value of the Property based on the profit and loss statements of each location provided by the Client and should not be construed as individual market values of each location. Our apportioned values are as follows:

Uma Paro – USD 9,00,000

Uma Punakha – USD 5,300,000

**Date of Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Four Seasons Safari Lodge Serengeti at Serengeti, Tanzania
<b>Tenure/Legal Description:</b>	<p>Interest held by Bilila Lodge Investment Ltd. by way of a lease with a remaining term of approximately 64.3 years remaining as at the Valuation Date.</p> <p>The area on which the Property is situated is held by way of a lease from The Trustees of the Tanzania National Parks and Bilila Lodge Investment Limited. The License was originally written to last 33 years beginning 1 July 2012, but the Agreement was dated to begin 6 August 2012 and expire 5 August 2045. The License has guaranteed renewal for another term of 33 years subject to the satisfactory compliance with the terms and conditions of the agreement.</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Bilila Lodge Investment Ltd. subject to the existing Management Agreement with Four Seasons Hotels and Resorts Pte Ltd.
<b>Location:</b>	The Four Seasons Safari Lodge Serengeti is located within a 2-square-kilometre parcel of land at the Bilila area of Serengeti National Park in northern Tanzania. The hotel is a 50-minute drive from the Seronera Airstrip, which in turn can be reached via a 50-minute flight from the Arusha airport.
<b>Property Description:</b>	<p>The Four Seasons Safari Lodge Serengeti opened in late 2012 after renovation and rebranding of the former Bilila Lodge Kempinski. The Property comprises 77 guest rooms, suites and villas ranging between 55-square-metres and 242-square-metres.</p> <p>The property is located within Serengeti National Park and includes services and amenities such as a fitness centre, business centre, discovery centre, kids' club, spa, swimming pool, animal watering holes and safari services.</p>
<b>Site Area :</b>	2-square-kilometres
<b>Methodology :</b>	Discounted Cashflow
<b>Market Value:</b>	<p><b>USD 21,500,000</b> (TWENTY ONE MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS)</p> <p>Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, having regard to trading potential (i.e. on a 'going concern' basis).</p>
<b>Date of Valuation :</b>	30 April 2014
<b>Notice :</b>	This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Point Yamu by COMO (Hotel) - comprising 79 bedrooms and 7 one bedroom villas
<b>Tenure/Legal Description:</b>	We understand that the Property is held freehold.
<b>Assumed Interest Valued:</b>	Market Value of the freehold interest in the Property held by The Yamu Limited subject to the existing Management Agreement with COMO Hotels & Resorts together with the management rights over the 20 Villas for sale.
<b>Location:</b>	The Property is located at the tip of Cape Yamu overlooking the Andaman Sea and Phang Nga Bay. It is situated on the east coast of Phuket, approximately 35 minutes' (depending on traffic conditions) drive from the airport. Patong Beach, the main tourist and entertainment area of Phuket is approximately 40 minutes' drive from the Hotel.
<b>Property Description:</b>	<p>The Property comprises two principal components: the main Point Yamu by COMO hotel (the "Hotel"), comprising 79 bedrooms and 7 one bedroom villas, and 20 villas for sale (the "Villas").</p> <p>The Hotel which soft opened in November 2013, comprises of three wings accommodating 79 rooms, two restaurants, a bar, lobby lounge, three meeting rooms (total 166 sq m), a spa with seven treatment rooms, steam room, Jacuzzi and gym.</p> <p>There are a further seven one bedroom villas currently under construction to the south west of the main building. We understand that these will be operational by the end of the year and approximately THB70 million will be required to complete the seven villas, which will comprises part of the Hotel inventory, thus the Hotel is to provide a total of 86 keys. We have made allowance for outstanding capital expenditure works in our valuation.</p> <p>The Villas comprise a further 20 two and three bedroom villas under construction surrounding the main Hotel building which will be sold to individual investors on a long leasehold basis. We understand that all 20 villa units will be included in the rental pool under the Hotel's management, and future Villa owners will be required to participate in the Rental Pool. Our valuation of the Property takes into account ongoing management fees and profit share potential from the 20 Villas.</p>
<b>Site Area :</b>	19,020 sq. m.
<b>Methodology :</b>	Discounted Cashflow
<b>Market Value of the Hotel:</b>	<p><b>THB 1,321,000,000</b> (ONE BILLION THREE HUNDRED AND TWENTY ONE MILLION THAI BAHT)</p> <p>Market Value of the freehold interest in the Property (comprising 79 bedrooms and 7 one bedroom villas), together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing management, including management and profit share arrangements over the 20 Villas for sale, having regard to trading potential (i.e. on a 'going concern' basis).</p>

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Date of**  
**Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Point Yamu by COMO (Villas for Sale)
<b>Tenure/Legal Description:</b>	We understand that the underlying land title is held freehold. However, the Villas will be offered for sale based on a 30 year lease renewable for two terms of 30 years each.
<b>Assumed Interest Valued:</b>	<p><i>Basis 1) – As Is</i></p> <p>Freehold interest of the Property in its existing state as at the Valuation Date including the land (28,832 sq. m.) and the 20 two and three bedroom Villas under development with development works progressed to the extent as existing at the Valuation Date. This excludes the seven one bedroom villas which are accounted for in the valuation of the Point Yamu by COMO (Hotel).</p> <p><i>Basis 2) – Upon Completion</i></p> <p>Aggregate Market Values of the individual proposed leasehold interests in the 20 unsold Villas, subject to, and with the benefit of, the proposed management and profit share arrangements with the management of the Yamu Point by COMO Hotel, whereby Villa leaseholders benefit from limited usage of the Villas and are required to participate in the villa rental pool, managed by the Hotel management. Our valuation is on the Special Assumption that construction of the Villas is complete as at the Valuation Date.</p>
<b>Location:</b>	The Property is located at the tip of Cape Yamu overlooking the Andaman Sea and Phang Nga Bay. The Villas are situated within the Yamu Point by COMO complex, on the east coast of Phuket, approximately 35 minutes' drive (depending on traffic conditions) from the airport. Patong Beach, the main tourist and entertainment area of Phuket is some 40 minutes' drive from the Hotel.
<b>Property Description:</b>	<p>We understand that the 20 Villas, comprising of nine two bedroom villas and 11 three bedroom villas, are currently under construction and are planned for completion by the end of 2014. All Villas will feature a private swimming pool. We have been advised that a further THB430 m is required to complete the development.</p> <p>The unit sizes and individual villa numbers are as follows:</p>

Villa No.	Bedrooms	Plot Size	Built Up area
1001	3	988	458
1002	3	1333	458
1003	3	820	427
1005	3	851	547
1006	3	670	650
1007	3/5	554	652
1008	3	543	427
1010	3	539	427
1011	3/5	541	685
1012	3/5	614	706
1014	3	502	549
1021	2	560	248
1022	2	426	248



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



1023	2	444	248
1024	2	434	248
1025	2	464	248
1026	2	635	248
1027	2	542	397
1028	2	504	397
1029	2	635	248

In accordance with instructions received, for the purposes of this valuation, we have made the Special Assumption that the construction and fit out of the Villas to a satisfactory standard commensurate with current design proposals has been completed as at the Valuation Date.

**Site Area :** Total site area (excluding land for seven one bedroom villas) – 28,832 sq. m.

**Methodology :** Direct / Market Comparison, Cost Approach, Residual Approach

**Basis 1)** **THB 530,000,000** (FIVE HUNDRED AND THIRTY MILLION THAI BAHT)

**Market Value ('As Is'):** Market Value of the freehold interest in the site in its existing state (with 20 villas currently under construction) as at the Valuation Date.

**Basis 2)** **THB 1,356,000,000** (ONE BILLION THREE HUNDRED AND FIFTY SIX MILLION THAI BAHT)

**Market Value of the 20 unsold Villa leasehold units (Upon Completion with Special Assumptions):** Aggregate value of the leasehold interests in the 20 unsold villa units, under the Special Assumption they are completed as at the Valuation Date. No allowance has been made for phasing of sales nor has allowance been made for any effect on pricing that may arise as a result of all Villas being offered for sale as a single transaction.

**Date of Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.



## Valuation Summary

<b>Property:</b>	Holiday Inn Resort Vanuatu incorporating Palms Casino. Tassiriki Park, Port Vila, Vanuatu.
<b>Tenure/Legal Description:</b>	We understand that the entire Property is held with long term leasehold title. The Lessor is the Minister of Lands, Geology, Mines and Rural Water Supplies while the Lessee noted on the original lease is SCHH Limited. The lease commenced in July 1980 for a 75 year term and therefore currently has around 41 years remaining. The commencing year 1 one rental was Vatu 314,370 which increased to Vatu 628,740 in years two to five inclusive. Thereafter, rental reviews are at 5 yearly intervals in accordance with the Land Leases Act No 4 of 1983. We are advised by the owner that the current rental is Vatu 486,901 per annum. In the event that the Lessee plans to sell the property, under the terms of the lease the Lessor has the right to purchase the lease at the said price. We understand that Erongo Island is held with long term leasehold title which also expires in 2055.
<b>Assumed Interest Valued:</b>	Market Value of the long term leasehold interest (expires July 2055) in the Property subject to the current Hotel Management Agreement/s and Casino Management Agreement.
<b>Location:</b>	The Property is situated on a prime site overlooking the picturesque Erakor Lagoon in close proximity to the University of South Pacific, Central Hospital, Port Vila General Post Office and Parliament House. The Property is situated approximately 5 kilometres to the south of Bauerfield International Airport.
<b>Property Description:</b>	The Holiday Inn Resort Vanuatu comprises a total of 148 rooms including a total of 5 suites. The property's food and beverage facilities are the Verandah Restaurant and Pool Bar while the property also features a ballroom with capacity of up to 150 people theatre style. Other facilities include the Namele Day Spa, 2 swimming pools, 9 hole golf course, 2 tennis courts, gymnasium and recreation/sports court along with a dedicated beach with water sports facilities. We understand that the original building and main structure was constructed around 1973 while the overwater villas and new lobby building were added in 1995. The hotel was extensively refurbished in 2010/11 at an advised total cost of around Vatu 995,000,000. The Palms Casino is situated within the resort grounds within a separate building renovated in 2010 and is the longest operating gaming establishment in Vanuatu. It operates a total of 8 gaming tables along with around 60 slot machines. Our assessment assumes that the current casino licence will be automatically renewed upon expiry at no material cost to the property owner.
<b>Methodology :</b>	Discounted Cashflow, Capitalisation
<b>Market Value:</b>	<b>Vatu 630,000,000 (SIX HUNDRED AND THIRTY MILLION VATU)</b>  Market Value of the leasehold interest in the Property, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, subject to the existing hotel and casino managements, having regard to trading potential (i.e. on a 'going concern' basis).

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Date of  
Valuation :** 30 April 2014

**Notice :** This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### VALUATION SUMMARY

#### Subject Development



Source: Jones Lang LaSalle 2014

Properties to be Valued : 5 retail units and 182 residential units located at 180 to 222 & 226 (Even Block Only) Depot Road #01-03/05/06/07/09 (Shops), #02-16/26/46/47/54/66/70/73/74/77/79, #03-03/05/06/09/16/18/22/26/30/35/36/38/42/46/50/54/62/66/70/71/73/74/76/77/79, #04-03/05/06/09/14/17/18/22/26/27/30/31/36/38/42/44/46/48/50/54/58/59/62/66/68/70/73/76/79, #05-05/06/09/14/18/22/26/27/30/36/38/42/44/46/50/54/58/62/64/66/68/70/73/79, #06-01/03/05/14/22/26/27/30/31/35/36/38/42/44/46/48/54/58/59/62/66/68/70/73, #07-14/15, #08-14/15, #09-14/15, #10-14/15/28, #11-14/15, #12-05/06/10/14/15/23/27/28/40/48/56/60/66/84, #13-12/70, #14-70/76, #15-70/76, #17-70, #18-08/14/18/22/36/38/50/52/54/55/76, #19-12/13/14/15/16/17/73/74, #20-74, #21-13/15/16/73/79, #22-13/16, #23-13/16, #24-13/15/16/70/73/76/77/79 (Residential) within a condominium development known as The Interlace  
Singapore 109684 to 109705 & 109707 (The “Properties”)

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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### VALUATION SUMMARY (CONT'D)

Description of the Subject Development	:  The Interlace comprises a total of 8 retail units and 1,040 residential units of 8 typical types of apartment/penthouse housed within thirty-one 6-storey blocks stacked in hexagonal arrangement. There are altogether 23 blocks of part 6/12/18/24 storey buildings within the development.  The buildings are constructed of reinforced concrete piles and/or bored piles and/or raft footing supporting the reinforced concrete structure with reinforced concrete and/or brick/block walls and/or dry wall partition, reinforced concrete floors, reinforced concrete staircases and reinforced concrete flat roof with appropriate insulation and waterproofing system. Fenestration generally comprise of aluminum framed windows with tinted, clear/frosted glass.  Amenities within the development include swimming pool with lap pool, family pool, kids pool and jacuzzi pool, 8 landscaped courtyards, tennis courts, multi-purpose court, play zone, outdoor exercise station, barbecue promenade, jogging track, gardening zone, sky terraces, pet zone, CCTV security system, 1,136 carparking lots and clubhouse facilities.
Brief Description of Properties	:  The Properties comprises 5 retail units located on the 1st storey, 102 units of 3+family/study, 1 unit of 3-bedroom, 39 units of 4-bedrooms, 13 units of 4-bedroom multi-generation, 1 unit of 4-bedroom garden home and 26 units of penthouses located on 2nd to 15th and 17th to 24th storey within 23 blocks of part 6/12/18/24-storey building within The Interlace.
Strata Floor Area (as provided by Ankerite Pte. Ltd.)	: Refer to Appendix A
Age of Properties	: Approximately 8 months old
Tenure	: 99 years lease commencing from February 11, 2009
Master Plan Zoning (2008 Edition)	: Residential with a plot ratio of 2.1
Methods of Valuation	: Direct Comparison Method
Aggregate Market Value as at May 8, 2014	: S\$567,880,000/- (Singapore Dollars Five Hundred Sixty-Seven Million Eight Hundred And Eighty Thousand)

A handwritten signature in blue ink, appearing to read 'TKC', is placed over a light purple rectangular stamp.

Tan Keng Chiam  
B.Sc. (Est. Mgt.) MSISV  
AD041-2004796D  
Regional Director  
**JONES LANG LASALLE**

TKC:GSH:aa:140223  
May 8, 2014



## Valuation Summary

<b>Property:</b>	Four Seasons Hotel Shanghai at Pudong
<b>Tenure/Legal Description:</b>	<p>According to the provided copy of Shanghai Certificate of Real Estate Ownership dated 1 September 2010 (the Certificate), the registered owner of the Property is 上海二十一世纪房地产有限公司 (Shanghai 21st Century Real Estate Company Limited) (the Company).</p> <p>The land use rights of the Property are for composite use with a land use rights term for 50 years expiring on 24 February 2047 (approximately 32.8 years remaining).</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by Shanghai 21st Century Real Estate Company Limited, subject to the existing Management Agreement with Four Seasons Hotels and Resorts.
<b>Location:</b>	<p>The Property is located in a prominent location in the Pudong district of Shanghai, and is part of the 21st Century Tower mixed-use development comprising of grade A offices, residential apartments and hotel. It is in the Lujiazui area which is Pudong's financial district.</p> <p>The Property is approximately 8 minutes walk to the nearest train station at Dongchang Road and a 40 minute drive to Pudong International Airport.</p>
<b>Property Description:</b>	The Hotel, which opened in 2012, occupies 12 floors of the 21 <sup>st</sup> Century Tower development on ground and level two and from levels 30 to 39. It comprises 187 keys including 15 suites. Facilities provided include two restaurants, 800 sq. m. of meeting space, a spa with six treatment rooms, a fitness centre, indoor swimming pool, business centre, executive club. Room sizes are at 36 sq. m. for the smallest deluxe rooms increasing to 432 sq. m. for the Presidential Suite. Majority of the rooms are generous in size between 46 sq. m. and 51 sq. m. while suites are at least 88 sq. m.
<b>Gross Floor Area :</b>	29,289 sq. m.
<b>Methodology :</b>	Discounted Cashflow, Market/Direct Comparison
<b>Market Value:</b>	<p><b>RMB 1,090,000,000 (ONE BILLION NINE HUNDRED MILLION RENMINBI)</b></p> <p>Market Value of the leasehold interest in the Property subject to the existing management contract with Four Seasons Hotels &amp; Resorts, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, having regard to trading potential (i.e. on a 'going concern' basis).</p>
<b>Date of Valuation :</b>	30 April 2014
<b>Notice :</b>	This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.





## Valuation Summary

<b>Property:</b>	50 unsold units of Four Seasons Place, No.210 Century Avenue, Lujiazui, Pudong, Shanghai, The People's Republic of China (the PRC) (the Property) <sup>(Notice 1)</sup>
<b>Tenure / Legal Description:</b>	<p>According to the provided copy of Shanghai Certificate of Real Estate Ownership dated 14 March 2012 (the Certificate), the registered owner of the Property is 上海二十一世纪房地产有限公司 (Shanghai 21st Century Real Estate Company Limited) (the Company).</p> <p>The land use rights of the Property are for 办公 (Office) with a land use rights term for 50 years expiring on 24 February 2047 (approximately 32.8 years remaining).</p>
<b>Assumed Interest Valued:</b>	Market Value of the leasehold interest in the Property held by the Company, which is the aggregate capital value of the individual units of the Property subject to vacant possession as at the Valuation Date.
<b>Location:</b>	The Property located at the Little Lujiazui CBD in Shanghai, which is one of the financial centres of the PRC. Major landmark developments located in the vicinity include The Oriental Pearl Tower, Shanghai World Financial Center, Shanghai Jin Mao Tower, Shanghai IFC and Shanghai Center Tower.
<b>Property Description:</b>	<p>The Property is situated at a 49-storey composite development known as "21st Century Tower" (the "Development") incorporating Grade A office, 5-star hotel, residence and retail spaces plus a 3-storey underground carpark completed in 2010.</p> <p>The Property is located within Levels 42-55 (Levels 44 &amp; 54 are omitted) for luxury residence use.</p> <p>The typical floor plate of the Property is approximately 1,844 sq. m.. There are seven units per floor designed on Levels 42-51 with unit size ranging between 140 sq. m. and 369 sq. m., and four units per floor on Levels 53-55 with unit size ranging between 435 sq. m. and 737 sq. m. on gross floor area basis respectively. The service core is located at the central part of the building envelope accommodating three passenger lifts and two staircases.</p>
<b>Gross Floor Area</b>	15,869.95 sq. m.
<b>Methodology :</b>	Direct/Market Comparison
<b>Market Value:</b>	<p><b>RMB 2,215,000,000</b> (RENMINBI TWO BILLION TWO HUNDRED AND FIFTEEN MILLION)</p> <p>(Aggregate of Market Values of the 50 unsold units of the Property)</p>
<b>Date of Valuation :</b>	30 April 2014

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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**Notice :**

1. According to the property list as provided, the Property comprises Unit Nos.4207, 4208, 4302, 4306, 4307, 4501, 4502, 4506-08, 4602, 4606-08, 4701-03, 4705-08, 4801, 4805-08, 4901-03, 4905-08, 5101-03, 5105-08, 5201-03, 5205, 5301, 5302, 5501-03 and 5505.
2. We understand that the developer has re-arranged the layout of units on Levels 52, 53 and 55. The total no. of units currently provided on Levels 52, 53 and 55 are four, two and four respectively.
3. We have assumed that the Property has been completed and used in accordance with relevant government regulations and ordinances.
4. This valuation summary should be read in conjunction with the foregoing letter and the General Principles to which it refers.

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

Letter Number: IT4/W&R-Letter/V/2014

To:

The Board of Directors  
Hotel Properties Limited  
50 Cuscaden Street  
#08-01 HPL House  
Singapore 249724



**RE: INDICATIVE VALUATION OF FOUR SEASONS RESORT BALI AT JIMBARAN BAY, FOUR SEASONS RESORT BALI AT SAYAN, AND FOUR SEASONS PRIVATE ESTATE BALI AT JIMBARAN - INDONESIA.**

### The Instruction

Based on the Proposal Number 095/W&R-Proposal/IV/2014 dated 25 April 2014, Hotel Properties Limited (the "Company") has given a special instruction for KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") to conduct a desktop valuation of assets belonging to the subsidiaries of the Company. This desktop valuation is to determine the indicative market values of the assets.

### Valuer Competency

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan is a valuation service company which holds Business License Number 2.09.0049 dated 19 June 2009 from the Finance Minister of the Republic of Indonesia Number 610/KM.1/2009.

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant that is centered in London – England, and this association has been legalized and approved by the Finance Minister of the Republic of Indonesia with the Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing (BUJPA) No. 413/MK.1/2009 dated 21 July 2009.

The Public Valuer who signed this valuation report holds Public Valuer License No. P-1.08.00015 from the Ministry of Finance of the Republic of Indonesia and is registered in the Indonesian Financial Services Authority (OJK) with Registration No. 68/BL/STTD-P/A/2012.

### Valuation Purposes

The Company requires this valuation in connection with the mandatory cash offer by Standard Chartered Bank for and on behalf of the B9 Holdings Pte Ltd to acquire all the issued ordinary shares in the capital of Hotel Properties Limited.

### The Valuation Cut-Off Date

30 April 2014.

### Basis of Valuation

This valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) 2013, and our valuers abide to the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

The basis of this valuation is Market Value, which is defined as "the estimated amount for which an asset or a liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan  
Jasa Penilaian Properti (izin usaha No.: 2.09.0049)  
Wilma Purba Santana # 17-06, Jl. Jend. Sudirman Kav. 7-B Jakarta 10120 Indonesia  
T +62 (21) 570 7170 - F +62 (21) 570 7177

knightfrank.co.id





### Valuation Objects

1. Four Seasons Resort Bali at Jimbaran Bay is a boutique resort with 147 villas, which is located in the Sub District of Jimbaran, District Kuta, Regency of Badung and Province of Bali – Indonesia

The subsidiary company that owns this resort is PT. Bali Giri Kencana, which is holding 5 Right to Build (Hak Guna Bangunan/HGB) title certificates over the 129,426 square metres land area.

2. Four Seasons Resort Bali at Sayan, a boutique resort with 18 suites/rooms and 42 villas, which is located in the Sub District of Sayan, District Ubud, Regency of Gianyar and Province of Bali – Indonesia.

The subsidiary company that operates this resort is PT. Amanda Arumdhani, which is holding the following legal documents:

PT. Amanda Arumdhani has a leasehold interest over 64,595 square metres areas of the land with 17 Right to Build (Hak Guna Bangunan) certificates which are issued on freehold titles belonging to several local individuals pursuant to 4 agreements.

PT. Amanda Arumdhani has entered into 4 lease agreements with several local individuals over 12,900 square metres land areas for the access road into the resort.

3. Four Seasons Private Estate Bali at Jimbaran is an estate of 9 villas, which is located at Jalan Bukit Permai, in the Sub-District of Jimbaran, District of Kuta Selatan, Regency of Badung, and Province of Bali – Indonesia.

The subsidiary company that operates this resort is PT. Amanda Nathia that has leasehold interest over the 18,513 square metres land area with 2 Right to Build (Hak Guna Bangunan/HGB) certificates, which are issued on freehold titles belonging to local individuals pursuant to a Deed of Granting No. 10/2003 dated 4 June 2003.

### Source of Information

All information about the Valuation Objects have been given by the Company and the subsidiaries. The Valuer has also gathered information from the market, which is relevant to the Object of Valuation.

### Valuation Approach

The indicative valuations have been derived at using the Income Approach using the discounted Cash flow method. We have taken into consideration the legal interests of lands pursuant to their relevant agreements.

Specific for the valuation of Four Seasons Private Estate Bali at Jimbaran, we have also adopted the Market Approach with comparison analysis of current sales price of villa units for sale in the vicinity.

### Assumptions and Limiting Conditions

- i. This report has been prepared specific for the purpose as stated above. We prohibit the use for other purposes.
- ii. The indicative valuations do not take into account the shareholders interest of the company in subsidiaries.
- iii. The Valuation Objects are free from all liens and encumbrances both physical and legal.
- iv. We are not competent and therefore did not verify all documents pertaining the valuation objects that have been provided by the company and the subsidiaries such verifications should be conducted by a legal consultant.
- v. That all information and data relating to the Valuation Objects as provided to us by the company and subsidiaries are correct and accurate for the condition of 30 April 2014. We reserve the right to revise this valuation should any of the provided information and data prove to be inaccurate and affect the indicative values.



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



- vi. The indicative valuations are under the condition that the legal interest that own the land will continue to honor their agreements with the subsidiary company.
- vii. The indicative valuations are under the condition that the local markets of the Valuation Objects can be transferred to other parties, and that the local individuals that own the land will not object to such events if it were to occur.
- viii. Four Seasons Hotel Limited will continue to be the operator of the resorts, and will continue to perform with international standards.
- ix. The indicative valuation speaks only for the condition as at the Valuation Cut-off date.
- x. The financial forecasts that have been used in the indicative valuations were based on the current market and economic conditions as at the valuation Cut-off date. We do not take into account nor make provisions for the effect of any unforeseen rise and decline in the future market and economic conditions.
- xi. The indicative valuations are under the condition that all existing fixtures, fittings, furniture and stock are suitably equipped for satisfactory continuation of the resorts operations, and they will be included in any sale.
- xii. We will not give testimony or statement in front of the court or other government bodies regarding the indicative values and this report.
- xiii. This report is valid for 6 months only which is accounted from the valuation Cut-Off Date.

### The Indicative Valuations

The indicative valuations of the Valuation Objects which are subject to our assumptions and limiting are:

Valuation Objects	Indicative Market Value
Four Seasons Resort Bali at Jimbaran Bay	US\$118,300,000.
Four Seasons Resort Deli at Sayan	US\$32,500,000.
Four Seasons Private Estate Bali at Jimbaran	US\$9,300,000.
<b>Total</b>	<b>US\$160,100,000.</b>
<b>Say</b>	<b>United States Dollar One Hundred Sixty Million and One Hundred Thousand Only</b>

### Significant Event after the Valuation Cut-Off Date

To this best of the Valuer's knowledge, there was no significant event that occurred after the Valuation Cut-Off Date up to the release date of this valuation report that could significantly change the indicative market values of Valuation Objects.

Jakarta, 7 May 2014

KIPP Willson dan Rekan  
in association with Knight Frank

  
KIPP Willson & Rekan

Bayu R. Wiseso  
ST. ARIE, SMM (Cert)  
Partner

Public Valuer License: P-1.06.00015  
Indonesian Financial Services Authority (OJK) Valuer Registration No. 68/BL/STTD-PIA/2012  
Member of Indonesian Society of Appraiser (MAPPi) No. 00-S-01316

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

### VALUATION CERTIFICATE



Property	: 583 Orchard Road "Forum The Shopping Mall" Singapore 238884
Client	: Hotel Properties Limited
Legal Description	: Lot Nos. 14827 and 14841 Town Subdivision 24
Tenure	: Estate in Fee Simple
Basis Of Valuation	: Market value subject to existing tenancies and occupational arrangements
Registered Owner	: Hermill Investments Pte Ltd
Land Area	: 6,336.2 sm
Master Plan 2008	: "Commercial"
Brief Description	: "Forum The Shopping Mall" is a 17-storey retail-cum-office development with 3 basement levels. The shops, restaurants, clinic and educational centre are located from Basement 1 to 4th storey and office units are on the 5th to 17th storeys. Car parking lots (total 202 lots) are at Basements 2 and 3.  The development is located at the south-eastern junction of Orchard Road and Cuscaden Road, outside the Central Business District and some 5.0 km from the City Centre. It is within walking distance from the Orchard MRT station.
Gross Floor Area	: 24,559,384 sm
Lettable Floor Area	: 18,855.0 sm
Valuation Approach	: Investment Method
Date Of Valuation	: 30 April 2014
Market Value	: S\$408,000,000/- (Singapore Dollars Four Hundred And Eight Million Only)
Assumptions, Disclaimers, Limitations & Qualifications	: This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the Limiting Conditions located at the end of this certificate. Reliance on this certificate and extension of our liability is <u>conditional</u> upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized. Knight Frank Pte Ltd is not liable for any loss arising from such unauthorized use or reliance. The document should not be reproduced without our written authority. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.
Prepared By	: Knight Frank Pte Ltd   Lucia Sng B.Sc.(Estate Management) Hons, FCSI Managing Director, Advisory Services Appraiser's Licence No. AD 041-2001740E

Knight Frank Pte Ltd 10 Raffles Quay #20-01 Hong Spring Building Singapore 048581  
Tel: (65) 6222 1333 Fax: (65) 6724 3863 Reg No: 1962930432 CEA Licence No: (3905536)  
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Knight Frank Estate Management Pte Ltd 140 Hill Street 14th Floor Hill Street Building Singapore 059501  
Knight Frank Advisory Services (Management) Pte Ltd 10 Raffles Quay 9th Floor Hong Spring Building Singapore 048581  
or Property Network "KFA" of 4000 members based in 110 countries from 190 countries [2014]





## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

**Nexus Property Consultants Co., Ltd.**  
บริษัท เนกซ์ พร็อพเพอร์ตี้ คอนซัลแตนท์ จำกัด  
31<sup>st</sup> Floor, Bangkok Insurance Building / Y.W.C.A.  
25 South Sathon Road, Thungmahamek  
Sathon, Bangkok 10120, Thailand  
Tel : (662) 286 8899  
Fax : (662) 706 2863  
Email: info@nexus.co.th  
Website: www.nexus.com



May 6, 2014

### The Directors

Hotel Properties Limited  
50 Cuscaden Road,  
#08-01, HPL House,  
Singapore 249724

### RE: ASSESSMENT CERTIFICATION OF HARD ROCK HOTEL, STAFF'S APARTMENT AND UNDEVELOPED LAND

Dear Directors,

This letter is intended to provide our professional opinion on the assessment of the three (3) groups of property and referred to individually as follows:

Group	Subject Property	Registered Owner	Description
I	Hard Rock Hotel	AHGF / SITC	A 329-room hotel situated on the 17 rai 1 ngan 63 square wah (or 6,063 square wah)
II	Staff's Apartment	AHGF	A 3-storey apartment building located on the 1 rai 16 square wah (416 square wah)
III	Undeveloped Land	SITC	Land of 2 contiguous title deeds with a combined land area of about 184 square wah

### Purpose of Valuation

The assessment certification will be prepared and submitted to the client for the report to be included as appendix to a Circular to HPL shareholders. The intended user shall be the Shareholders of Hotel Properties Limited ("HPL") in connection with the mandatory cash offer by Standard Chartered Bank for and on behalf of 68 Holdings Pte. Ltd. to acquire all issued shares in the capital of HPL.

### Basis of Valuation

The Valuations are made on the basis of **Market Value**, defined by the International Valuation Standards "IVS" as follows:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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### Summary of Market Value

Based upon our assessment analysis, we have reached an opinion of the assessment of the three (3) groups of property, as of May 6, 2014 as follows:

Group	Subject Property	Assessed Value (Baht)
I	Hard Rock Hotel	1,710,000,000
II	Staff's Apartment	20,000,000
III	<u>Undeveloped Land</u>	
	Land in its existing state	27,600,000
	Gross Development Value (assuming satisfactory completion)	130,560,000

We certify that, to the best of our knowledge and experience, this assessment certification is conducted and analyzed by our professional analysis and unbiased opinion. *(Please see detail Valuation Certificates and Estimation of Tax, Duty and Transfer Fee Attached)*

Yours sincerely,

**Pairoj Kwansuksthit**  
Director  
Valuation Advisory

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

**Nexus Property Consultants Co., Ltd.**  
บริษัท เนกซ์ พร็อพเพอร์ตี้ คอนซัลแตนท์ จำกัด  
31<sup>st</sup> Floor, Bangkok Insurance Building / Y.W.C.A.  
25 South Sathorn Road, Thungma-narek  
Sathorn, Bangkok 10120, Thailand  
Tel : (662) 286 8899  
Fax : (662) 286 2868  
Email: info@nexus.co.th  
Website: www.nexus.com



May 6, 2014

### **The Directors**

Hotel Properties Limited  
50 Cuscaden Road,  
#08-01, IPL House,  
Singapore 249724

**RE: ASSESSMENT CERTIFICATION OF METROPOLITAN HOTEL, BANGKOK**

Dear Directors,

This letter is intended to provide our professional opinion on the assessment of the subject property detail as follows:

Subject Property	Registered Owner	Description
The Metropolitan, Bangkok	Seaside Properties	The 171-rooms, 5-star city hotel, located on No. 27 South Sathorn Road, set back from the main road behind Alliance Francaise / French Embassy in Bangkok

### **Purpose of Valuation**

The assessment certification will be prepared and submitted to the client for the report to be included as appendix to a Circular to IPL shareholders. The intended user shall be the Shareholders of Hotel Properties Limited ("IPL") in connection with the mandatory cash offer by Standard Chartered Bank for and on behalf of 68 Holdings Pte. Ltd. to acquire all issued shares in the capital of IPL.

### **Basis of Valuation**

The Valuations are made on the basis of **Market Value**, defined by the International Valuation Standards "IVS" as follows:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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### Summary of Market Value

Based upon our assessment analysis, we have reached an opinion that the market value as an operational hotel of the fee simple estate as of May 6, 2014 as follows:

Subject Property	Assessed Value (Baht)
The Metropolitan, Bangkok	940,000,000 (Nine Hundred and Forty Million Baht)

We certify that, to the best of our knowledge and experience, this assessment certification is conducted and analyzed by our professional analysis and unbiased opinion. *(Please see detail Valuation Certificates and Estimation of Tax, Duty and Transfer Fee Attached)*

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pairoj Kwansuksathit".

**Pairoj Kwansuksathit**  
Director  
Valuation Advisory

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

**Nexus Property Consultants Co., Ltd.**  
บริษัท เนกซ์ พร็อพเพอร์ตี้ คอนซัลแตนท์ จำกัด  
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Sathorn, Bangkok 10120, Thailand  
Tel : (662) 286 8899  
Fax : (662) 286 2863  
Email: info@nexus.co.th  
Website: www.nexus.com



May 6, 2014

**The Directors**  
Hotel Properties Limited  
50 Cuscaden Road,  
#08-01, HPL House,  
Singapore 249724

### **RE: ASSESSMENT CERTIFICATION OF UNSOLD APARTMENT 20 UNITS IN THE MET CONDOMINIUM, UNDEVELOPED LAND AND BASEMENT LAND**

Dear Directors,

This letter is intended to provide our professional opinion on the assessment of the three (3) groups of property and referred to individually as follows:

Group	Subject Property	Registered Owner	Description
I	The Met Condominium	Pebble Bay	Unsold apartment 20 units in the Met Condominium, with combined salable area of some 4,075.15 sm.
II	Undeveloped Land	Pebble Bay	Undeveloped land with an area of some 3 rai 1 ngan 25.2 square wah (or 5,300.8 sm.)
III	Basement Land	Straits Realty	Basement land area of some 50.4 square wah (201.6 sm.)

#### **Purpose of Valuation**

The assessment certification will be prepared and submitted to the client for the report to be included as appendix to a Circular to HPL shareholders. The intended user shall be the Shareholders of Hotel Properties Limited ("HPL") in connection with the mandatory cash offer by Standard Chartered Bank for and on behalf of 68 Holdings Pte. Ltd. to acquire all issued shares in the capital of HPL.

#### **Basis of Valuation**

The Valuations are made on the basis of **Market Value**, defined by the International Valuation Standards "IVS" as follows:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### Summary of Market Value

Based upon our assessment analysis, we have reached an opinion of the assessment of the three (3) groups of property, as of May 6, 2014 as follows:

Group	Subject Property	Assessed Value (Baht)
I	The Met Condominium	430,000,000
II	Undeveloped Land	
	Land in its existing state	1,192,680,000
	Gross Development Value (assuming satisfactory completion)	3,996,800,000
III	Easement Land	

### Remarks: The Easement Land

The subject land (title deed no.1623) has been registered as a servitude affecting the land use. According to this servitude, part of land must be used as an open space for the title deed no.1718 under the building control Act. The other land part must be used for applying for the construction permit of The Met Condominium. Therefore this land plot could not be used as other purposes except an open space or green area. As a result, we do not consider the valuation of such land.

We certify that, to the best of our knowledge and experience, this assessment certification is conducted and analyzed by our professional analysis and unbiased opinion. *(Please see detail Valuation Certificates and Estimation of Tax, Duty and Transfer Fee Attached)*

Yours sincerely,

**Pairoj Kwansuksthit**  
**Director**  
**Valuation Advisory**



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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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# PENNY BROTHERS

THE-TOWER, CHARTWELL CASTLE  
WATERCOMBE ROAD, CHARTWELL WEST  
NORTHERN JOHANNESBURG  
TEL: (0027) (010) 227 0003  
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P O BOX 2050  
WITKOPPEN  
2068

**PROPERTY BROKERS, VALUERS, SURVEYORS  
RESEARCHERS AND ANALYSTS**

**PROJECT AND FACILITIES MANAGEMENT**

E-MAIL : office@pennybrothers.co.za  
WEBSITE: [www.pennybrothers.co.za](http://www.pennybrothers.co.za)

**VAT No. 4280121791**

6<sup>th</sup> May 2014

Private & Confidential

Hotel Properties Limited  
50 Cuscaden Road  
#08-01 HPL House  
Singapore 249724

Dear Sir,

**VALUATION SUMMARY AS AT 6<sup>TH</sup> MAY 2014 OF:  
THE FOUR SEASONS HOTEL WESTCLIFF, JOHANNESBURG,  
BEING: PORTION 4 OF ERF 60, PORTION 5 OF ERF 60, ERF 73, ERF 74, PORTION 1 OF  
ERF 80 AND R.E. OF ERF 80, WESTCLIFF TOWNSHIP, JOHANNESBURG, GAUTENG  
SITUATED AT: 67 JAN SMUTS AVENUE, WESTCLIFF TOWNSHIP, JOHANNESBURG,  
PROPERTY OWNED BY : 80 WESTCLIFF (PTY) LTD.**

### **INTRODUCTION:**

We refer to the request by Hotel Properties Limited requiring a valuation review from us subject to the "Terms of Reference" provided by the company.  
This report is a summarised version of an even-dated and more detailed report.

### **BASIS OF CURRENT VALUATION**

We are to place a value on the unfinished improvements in their current state (while the company will provide a sum total of funds expended to date on the refurb) and to add to those two totals the market value of the land held.

We are also to provide our view on the value of the property once completed and operational.

---

### **DIRECTORS**

CONRAD HUGO PENNY: M.I.V., M.I.R., APPRAISER TO THE HON. THE MINISTER OF JUSTICE, PROFESSIONAL VALUER (**MANAGING**)  
CAMPBELL NOËL WESTCOTT: (**C.E.A.**)

### **CONSULTANTS**

DR. J. D. SAMPSON: Pr.Eng, BSc (C.Eng.), M.S. (Transportation Eng), PhD, B. COM., FSAICE, MSAACE, MIWM, (**TRAFFIC AND TRANSPORTATION**),  
A. D. N. MALLONS: A.I.A., B.Arch (Wits), M. Arch. A.S. (M.I.T.), M.C.P. (M.I.T.) (**RESORT AND TOURISM PLANNING AND DEVELOPMENT**)  
M. E. J. A. COOPMANS: B.Sc. Chem. Eng. (Heerlen - Netherlands), MBA (Nyenrode - Netherlands), (**WATER AND WASTE WATER MANAGEMENT**)  
LEYDEN GIBSON: Dip. TRP, Dip. Eng (Transport) (**PLANNING LEGISLATION AND LAND DEVELOPMENT OBJECTIVES**)  
W. B. L. CINGO: B. A. (Unisa), B. PROC. (Unisa), L. L. M. (Berkeley U.S.A.) (**LEGAL AND PROTOCOL**)  
B. H. HOWARD: RIBA, ARCH. S A., M.I.A. (**FACILITIES MANAGEMENT AND BUILDING USE CONSULTANT**)  
K. TUCKER: PROFESSIONAL VALUER, MIV, APPRAISER, B. COM HONOURS (**COMMERCIAL PROPERTY VALUATIONS**)

M. D. WOOD: B.Sc (Geog) (Wits), B.A. (Psych) (Wits), M.I.A.I.A. (**ENVIRONMENTAL PLANNING**)  
MPHO GINGO: BA. SOCIOLOGY (U.C.L.A.) (**SOCIOLOGICAL STUDIES**)  
ROBEN PENNY: (**COMMUNITY, LAND MANAGEMENT AND POLICY DEVELOPMENT**)  
G. C. FRASER: ASSOCIATED VALUER, M.I.V. (**COMMERCIAL VALUATIONS**)  
H. GRIFFITHS: GRAD. I.S. (**SECURITY PLANNING**)  
G. W. LOTTER: B Arch (Rand) ARIBA Arch SA MIA (**ARCHITECT**)  
R. WELTER: (**N. DIP PROPERTY VALUATION**)  
JENNA PENNY, FREIJN KOTZ VON DOBRZ: (**ARCHITECTURAL DRAUGHTING**)

J. NAGEL: B.Sc (PRETORIA), M.B.A. (STELLENBOSCH), M.I.V. (SA), M.I.R. (**PROPERTY VALUATIONS**)  
D. A. BORLAND: Pr.Eng, M.Sc (Eng) (Birmingham) (**CIVILS AND INFRASTRUCTURE**)  
A. B. VON MERVOLDT: DIP. AG. U.K. (**RAIL AND TRANSPORT LOGISTICS**)  
A. J. D. BESTER: CERTIFIED SYSTEMS DESIGNER (**I.T. - VALUATION DATA**)  
INA FOCKENS: DIP. CAD. LAND SURVEY DRAFTING (**LAND SURVEYING**)  
T. D. KOHLER: B.Com (RHODES) (**PROPERTY LEASING AND SALES**)  
J. TREDoux - N.DIP PROPERTY VALUATION (**TOWNSHIP AND MUNICIPAL VALUATIONS**)  
LUDWIG PENNY, FREIHERR KOTZ VON DOBRZ (**VALUATION SUPPORT**)

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PENNY BROTHERS BROKERS & VALUERS (PROPRIETARY) LIMITED NO. 82/0380807

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# PENNY BROTHERS

- 2 -

### **VALUATION APPROACH**

When valuing real estate, the valuer must concern himself with placing a value on the rights attached to a property and the benefits of occupation and/or ownership thereof. In the valuation process, cognisance must be taken of the purpose for which the property is capable of being used and the future income or amenities, which it is likely to produce. At the same time, however, the property must be compared with available substitutes and/or alternative investment opportunities.

The object of the valuation process, therefore, is to arrive at a figure, which will reflect the point of equilibrium between supply and effective demand at the time of valuing the property. With regard to this property the final value is established through the Income Producing method, based upon an income forecast provided by the company.

### **ANNEXURES/ATTACHMENTS:**

Nine annexures/attachments pertinent to the valuation have been sent with our even-dated (and more detailed) report.

### **TITLE DEEDS AND SERVITUDES**

We have examined the Title Deeds and the Deeds of Servitude and taken cognisance of the impact any condition therein may have on the use and value of the property.

### **INSPECTION AND GENERAL DESCRIPTION:**

The Hotel was inspected on 1<sup>st</sup> May 2014. It comprises 117 rooms, all of which are gutted at the moment and in the process of being renovated.

### **SDRV - SUITABLY DEPRECIATED REPLACEMENT VALUE OF IMPROVEMENTS INCL. NEW WORK TO DATE + THE OPEN MARKET VALUE OF LAND**

The total came to R231,650,000.00 (incl. work in progress of about R43,600,000.00) - See Annexure 4.

We were informed by the company that the outstanding costs as at 31<sup>st</sup> March 2014 to complete the developments are estimated to be R155,600,000.00.

### **CURRENT VALUE BASED ON INCOME EARNING CAPACITY AFTER COMPLETION**

We vetted and tested room rates, occupancy schedules and expenses provided by the company, and we discounted the net income provided by them for the 2016 year to the present (2014) value.

Please see the table on Pg. 3.

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### PENNY BROTHERS

- 3 -

#### **FOUR SEASONS HOTEL WESTCLIFF, JOHANNESBURG CALCULATIONS OF GROSS AND NET INCOME**

##### Gross Income for 2016

On a scheduled 63% occupancy:	\$ 21,489,000.00	100%
(National Average Occupancy is generally set at ±66.66%)		

##### Less Departmental Operating Costs

(Rooms, Food & Beverage, Food & Beverage other, Spa, and Other Departments)	\$ 8,453,000.00	39.30%
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Thus Departmental Profits	\$ 13,036,000.00	60.70%
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##### Less Real Costs:

(Admin & General, Sales & advertising, Repairs & Maintenance, Utilities)	\$ 5,250,000.00	
Residue:	\$ 7,786,000.00	

##### Less Fixed Charges:

(Property Taxes, Insurance, Basic Fee, Royalty Fee, Incentive Fee, FF&E Reserve)	\$ 2,179,000.00	
Net Operating Income	\$ 5,607,000.00	

Capitalised as a business at 15%	\$ 37,380,000.00	
Capitalised as a property investment at 10%		\$ 56,070,000.00

##### Decrease to Present Value @ 6% inflation p.a.

For 2016 x 0.94	\$ 35,137,200.00	\$ 52,705,800.00
For 2015 x 0.94	\$ 33,028,968.00	\$ 49,543,452.00
For 8 months of 2014 (May to December) x 0.96	\$ 31,707,809.28	\$ 47,561,713.92

@ the Exchange rate of R10.50 for US\$1	R 332,931,997.44	R 499,397,996.16
---	------------------	------------------

Say	R 333,000,000.00	R 500,000,000.00
-----	------------------	------------------

<b>THE AVERAGE OF THESE TWO VALUATIONS IS:</b>	<b>R 416,500,000.00</b>
<b>WHICH WE CONSIDER TO BE A REASONABLE SUM</b>	

##### Exchange rates - ZAR for US\$1:

30.04.14. - R10.52  
01.05.14. - R10.48  
02.05.14. - R10.48  
03.05.14. - R10.47  
04.05.14. - R10.47  
05.05.14. - R10.52  
06.05.14. - R10.52

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## APPENDIX 8: EXTRACTS OF VALUATION REPORTS

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# PENNY BROTHERS

- 4 -

**FOR THE AFOREGOING REASONS – INTER ALIA – WE HAVE CONCLUDED THAT THE  
OPEN MARKET VALUE OF THE PROPERTY AS AT 2016 BASED UPON THE NET  
INCOME EARNING PROJECTIONS FOR THAT YEAR AND DISCOUNTED TO PRESENT  
VALUE AS AT  
6<sup>TH</sup> MAY 2014 IS IN THE CLOSE REGION OF:**

**R 416,500,000.00**

**(FOUR HUNDRED AND SIXTEEN MILLION FIVE HUNDRED THOUSAND RANDS)  
EXCLUDING VAT**

Yours sincerely,

**FOR: PENNY BROTHERS BROKERS AND VALUERS (PTY) LTD**

**CONRAD PENNY**

PROFESSIONAL VALUER, M.I.V., Appraiser, M.I.R., M.I.E.A.

Registered Professional Valuer with SA Council for Property Valuers Profession (2582/3)



**‘THE PENNY FAMILY HAS SERVED THE PROPERTY INDUSTRY  
FOR MORE THAN 108 YEARS OVER FIVE GENERATIONS’**

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Dur Ref : 68V140311

2<sup>nd</sup> May 2014

**HOTEL PROPERTIES LIMITED**

50 Cuscaden Road  
#08-01 HPL House  
Singapore 249724

**Attn: The Board of Directors**

Dear Sirs,

**VALUATION CERTIFICATE OF HARD ROCK HOTEL LOCATED ON LOT NO. 561 (FORMERLY PT 104) AND LOT NO. 31, ALL WITHIN SECTION 1, TOWN OF BATU FERRINGHI, NORTH-EAST DISTRICT, STATE OF PULAU PINANG, MALAYSIA**

We thank you for your instruction to assess the Market Value of the abovementioned property on en-block basis hereinafter referred to as the Subject Property.

### Purpose of Valuation

This Valuation Certificate is prepared for inclusion in the circular to shareholder in relation to the mandatory conditional cash offer by Standard Chartered Bank for and on behalf of 68 Holdings Pte. Ltd to acquire all the issued ordinary shares in the capital of Hotel Properties Limited.

**Date of Inspection & Valuation**

Pursuant to your instruction, we have inspected the subject property on **28<sup>th</sup> April 2014**. The date of inspection is taken as the date of valuation.

### Basis of Valuation

**MARKET VALUE** is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### Potential Tax Liability

In the event that the subject property is sold the following taxes may apply:

### i) Real Property Gains Tax

- With effect from 1<sup>st</sup> January 2014, the Real Property Gains Tax or RGPT are as follows:-

Disposal Period	RPGT Rates		
	Commercial	Individual (Citizens & Firms)	Individual (Home-Owners)
For deposits within 3 years	30%	30%	30%
For deposits in the 4 <sup>th</sup> year	20%	20%	30%
For disposals in the 5 <sup>th</sup> year	15%	15%	30%
For disposals in the 6 <sup>th</sup> and subsequent years	5%	0%	5%

Rahim &amp; Co Chartered Surveyors

(PSS) Skin Graft, 1999-01-01

Q8. 1st floor

Julien Dubé/Flavie St-Onge

**700000**

Samuel R. Kohn, *Editor*

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Our Ref : 68V140311

ii) Stamp Duty

- The stamp duty computation as extracted from Jabatan Penilaian dan Perkhidmatan Harta's website is as follows:-

Selling Price/Market Value of Property	Stamp Duty Rates
Value up to RM100,000/-	1%
Next RM 100,001 to RM 500,000/-	2%
Next RM 500,001 and above	3%

Brief description of the subject property is attached herein as **APPENDIX A**.

We are of the opinion that the Market Value of the subject property as at 19<sup>th</sup> March 2014 as a **FULLY OPERATIONAL LUXURIOUS 4-STAR RESORT 250-ROOM HOTEL OPERATING UNDER THE BRAND "HARD ROCK" AND ON AN 'ON-GOING CONCERN' BASIS WITH THE CONTENTS, FIXTURES AND FITTINGS AND OTHER ANCILLARY FACILITIES FULLY AVAILABLE THEREIN TO THE HOTEL GUEST**, in its existing condition, free from all encumbrances, held under freehold interest and with the titles being good, marketable and registrable, as well as with vacant possession is **RM165,000,000/-**.

(Ringgit Malaysia: One Hundred and Sixty Five Million Only)

**THIS CERTIFICATE OF VALUATION IS TO BE READ IN CONTEXT WITH THE WHOLE REPORT TO BE ISSUED IN DUE COURSE.**

Our firm will not be responsible for any representation vide this Certificate other than for the purpose stated above.

Yours faithfully,

**RAHIM & CO CHARTERED SURVEYORS (NS) SDN BHD**

**KAN KOK LEONG**

MSc. REM, DipSurv, AdvDipBldg, MRICS, MRISM, MPEPS  
Chartered Valuation Surveyor, Registered Valuer (V 588)



## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



### SCHEDULE 1

No.	Property	Location and Description	Tenure and Tenancies	Market Value (a)	Gross Development Value (a)
1	50 Old Burlington Street Mayfair London W1S 3AR	<p>The Property is located in a prime east Mayfair location within the London Borough of Westminster. It occupies a prominent corner site with frontages to Old Burlington Street and Cork Street. Bond Street is located within close proximity to the west, with Burlington Arcade and the Royal Academy of Arts situated to the south.</p> <p>The Property comprises a 0.35 acre square development site, which was formally occupied by a 80,000 sq ft gallery/restaurant and office building.</p> <p>Planning permission 13/01715/FULL was granted on 10 October 2013 for the demolition of the existing building and the construction of a new building comprising 42 apartments, 6 gallery/restaurant units and car parking spaces.</p> <p>Permission was granted subject to 29 conditions, none of which have a material impact on our valuation, and a Section 106 Agreement, which we have reflected in our valuation.</p> <p>The estimated construction cost for the development is £50.212M. To date £439,000 has been spent.</p> <p>Practical completion is scheduled for August 2017. We have adopted a 12 month post development period in our valuation over which we have assumed that the completed galleries/restaurant units will be let and that the completed residential units/car parking spaces will be sold.</p>	Freehold with full vacant possession.	£120,000,000	£255,350,000
2	Holland Park School Campden Hill Road London W8 7AF	<p>The Property is located in the Royal Borough of Kensington and Chelsea, in west London, and is located within the W11 and W8 postal code districts. It is situated on the eastern side of Holland Park, to the northern side of Campden Hill, which is a cul de sac that runs westwards from Campden Hill Road.</p> <p>The Property comprises a 1.97 acre rectangular development site, formed from the southern part of the former school.</p> <p>Planning permission PP/1003018 (as amended by PP/1203059, NMA/12/04482 &amp; NMA/12/03844) was granted on 13 March 2012 for the demolition of the existing buildings and the redevelopment of the site for 72 apartments, 78 secured underground car parking spaces, concierge and leisure suite.</p> <p>Permission was granted subject to 18 conditions, none of which have a material impact on our valuation, and a Section 105 Agreement, which has been reflected in our valuation.</p> <p>The estimated construction costs for the development are £101,520,000.</p> <p>Practical completion is scheduled for October 2016. We have adopted an 18 month post development period in our valuation over which we have assumed that the completed residential units/car parking spaces will be sold.</p>	Freehold with full vacant possession.	£241,300,000	£580,560,000

## APPENDIX 8: EXTRACTS OF VALUATION REPORTS



3	Cixon House 72-75 Fenchurch Street & 1 Lloyd's Avenue London EC3M 4BR	<p>The Property is located in EC3, the traditional insurance district of the City. It occupies a prominent corner site on the southern side of Fenchurch Street, at its junction with Lloyd's Avenue, close to Lloyd's Register of Shipping.</p> <p>It was constructed behind the retained facades in 1980 and comprises a Grade II listed office building providing a total of 37,966 sq ft of accommodation arranged over basement, ground and five upper floors. It includes a caretaker's flat and plant room on the fifth floor within the mansard roof.</p> <p>The ground floor comprises a traditional banking hall occupied by Lloyd's Bank, and a self-contained office suite with its own entrance from Lloyd's Avenue. The building has good open plan office floorplates but their internal finishes are now looking tired and dated.</p> <p>There is an opportunity to substantially refurbish the building when the leases expired in March 2015, although no planning permission achieved to date.</p>	Freehold.	£18,000,000	N/A
4	23 Properties located in Whitechapel known as 'Project Cross' London E1	<p>The Property is located in Whitechapel, within close proximity of the City of London, in a mixed use area comprising public and private sector housing, commercial and hospital support uses. The Royal London Hospital is located within close proximity to the north.</p> <p>It occupies a substantial part of a street 'block' bounded by Ashfield Street to the north, Ashfield Street to the north, Varden Street to the south, Turner Street to the west, and Cavell Street to the east. It includes a terrace of properties bounded between Ashfield street to the south and Newark Street to the north.</p> <p>The Property comprises a portfolio of 28 individual properties in residential, office and other mixed uses providing a total of 180,025 sq ft. The total site area is 3.58 acres.</p> <p>The Property represents a development opportunity, although no planning permission has been achieved to date. It forms an integral part of the Whitechapel Vision Master Plan, adopted on 4 December 2013.</p>	Freehold.	£62,500,000	N/A

### Notes:

- (a) For the avoidance of doubt, our opinions of value stated above are the values of the whole of each property. We understand that the Company owns various interests in each property and our valuations do not reflect the value that would be attributed to each of these interests.