ANNUAL REPORT 2014

HOTEL PROPERTIES LIMITED

Contents

Cover: Gili Lankanfushi, Maldives - TripAdvisor’s ‘Best Hotel In The World’ 2015

Six Senses Laamu, Maldives

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

For the year ended December 31, 2014, the Group recorded a revenue of $614.6 million compared to $692 million in the previous year. Despite higher contributions from the Group's resorts in the Maldives and Bali, the Group recorded a lower revenue due to the completion of the Tomlinson Heights condominium development in March 2014. Interest expense relating to the project previously capitalised were expensed, contributing to an increase in finance costs of the Group. However, collection from purchasers during the year resulted in higher cash generated from operations of $302.3 million compared to $158.1 million in the previous year.

The Group's share of results of associates and jointly controlled entities decreased from $63.5 million to $33 million mainly due to lower profits from The Interlace condominium development at Alexandra Road and d'Leedon condominium at Farrer Road, Singapore, which were completed in September 2013 and October 2014 respectively. The previous year's results also included a non-recurring gain on disposal of certain investment properties at Kensington Square, London, amounting to $13 million.

During the year, the Group acquired Six Senses Laamu in the Maldives and made an investment in a joint venture which acquired a property in Paddington, London. These contributed to the increase in property, plant and equipment and associates and jointly controlled entities balances in the Group's Statement of Financial Position. The Group's net borrowings have nevertheless not increased significantly due to collections from apartment purchasers from the Tomlinson Heights and The Interlace condominium developments.

For the year ended December 31, 2014, Group net profit attributable to shareholders was $124.4 million compared to $177.6 million in the previous year.

RECENT DEVELOPMENTS

HOTELS

The Hotel Division reported higher earnings in 2014 and opened resorts in Maldives and Johannesburg.

Our newly acquired Six Senses Laamu in Maldives is beautifully remote, yet easily accessible by plane and boat from Male. It is nestled on the privately-owned Olhuveli Island in the Laamu Atoll towards the south of the Maldives archipelago.

In Phuket, Thailand, Point Yamu by COMO had its soft opening and won numerous prestigious awards such as 'Winner of Best Villa Development (South East Asia)' and 'Winner of Best Hotel Architectural Design' by South East Asia Property Awards 2014.

Point Yamu by COMO overlooks the pristine Andaman Sea and is designed by the world-renowned Italian designer - Paola Navone.

In December 2014, the Group opened the Four Seasons Hotel The Westcliff, Johannesburg after an extensive renovation. Elevated on a hillside with panoramic views across the Johannesburg Zoo and the prestigious neighbourhood of The Parks, the Hotel is still conveniently close to business, culture, shopping and leisure activities.

> Collection from purchasers during the year resulted in higher cash generated from operations of $302.3 million compared to $158.1 million in the previous year.

PROPERTIES

During the year, the Group expanded its property portfolio in London with the acquisition of a joint venture interest in a 1.11 acres freehold property located on London Street, Paddington.

The area is served by numerous bus routes and Paddington Station is a principal hub of the London underground network. Public transport services in this area will further be enhanced following the completion of the Crossrail project which is scheduled to start in 2018.

It is anticipated that this site will be redeveloped into a mixed use scheme, including retail and private residential apartments.

Construction work has commenced for the Group's two other development projects in London, namely Burlington Gate, located in Mayfair, London and Campden Hill, located in the borough of Kensington and Chelsea. Initial marketing efforts of the apartment units have also been met with an encouraging response.

In Singapore, the Property Division recently completed two condominium developments, Tomlinson Heights and d'Leedon.

Tomlinson Heights condominium is an exclusive 70-unit luxury condominium that sits on 76,888 square feet of freehold land in prime District 10.

d'Leedon condominium is the first condominium designed by Pritzker Architecture Prize winner Zaha Hadid and is highly coveted for its scale and prime location.

The d'Leedon and Tomlinson Heights condominiums are just minutes away from the city's shopping belt, Orchard Road and appeal to both the well-heeled and discerning buyers.

PROSPECTS

Our hotels and resorts are expected to continue to contribute steadily to the Group's operating results, although the global economic recovery remains mixed.

The sales of Singapore private residential properties for 2014 were halved to about 7,400 units, with prices declining by 4% as compared to the previous year. In London, the Group has commenced soft marketing of apartments at Burlington Gate and Campden Hill. Income from these projects will only be recorded upon completion.

DIVIDEND

The Board of Directors has recommended a first and final one-tier tax exempt cash dividend of 4 cents per ordinary share, and a one-tier tax exempt special dividend of 6 cents per ordinary share for the year ended December 31, 2014.

On behalf of the Board, I would like to extend our appreciation to our shareholders, customers, bankers, business associates and staff for their invaluable support and contribution throughout 2014.

Arthur Tan Keng Hock
Chairman

March 27, 2015

HOTELS

Four Seasons Resort Maldives at Kuda Huraa

BUSINESS REVIEW


Four Seasons Hotel The Westcliff, Johannesburg

> The Hotel Division continues to strive to recognise, anticipate and satisfy the ever-changing needs of its discerning guests, and we are confident that the Division will continue to contribute strongly to the Group in 2015.

The Hotel Division continued to show robust growth in 2014, expanding in the Maldives with the acquisition of Six Senses Laamu.


Four Seasons Resort Maldives at Landaa Giraavaru

Whilst beautifully remote, Six Senses Laamu is easily accessible by plane and boat from Malé and is the only resort in the Laamu Atoll, deep in the Indian Ocean. Set in a lagoon where dolphins swim along the sandy shoreline, the resort is a combination of on-land and overwater luxury villas constructed with sustainable materials featuring a uniquely Maldivian panoramic view of the sapphire seascape and an unobstructed equatorial sunset.

TripAdvisor's 'Best Hotel In The World' now resides in the Maldives, with the Division's resort Gili Lankanfushi, set on the private island in the North Malé Atoll, bagging this prestigious award in 2015.

Three of our luxury resorts, the Four Seasons Resort Maldives at Landaa Giraavaru, the Four Seasons Resort Maldives at Kuda Huraa and Gili Lankanfushi were also recognised as the 'Top 10 Hotels for Service - Maldives' by TripAdvisor Travellers' Choice 2015.

Reputed to be the largest overwater villa in the world, the luxurious Private Reserve of Gili Lankanfushi is a decadent 1,400sqm palace nestled in the middle of a turquoise blue lagoon with spectacular uninterrupted views of the majestic Indian Ocean.

The ultimate in beachside escapism, the Four Seasons Resort Maldives at Landaa Giraavaru includes a luxurious three-bedroom, two-storey Estate. This beachfront haven spans across 1,200 sqm of private quarters and features unobstructed ocean views of the surrounding Baa Atoll a UNESCO World Biosphere Reserve.

In the Czech Republic, the Mandarin Oriental Prague was awarded the prestigious 2014 Condé Nast Traveler Platinum Circle Award and the Condé Nast Traveler Gold List - The Best Hotel in the Czech Republic for the sixth consecutive year. Built on the banks of the Vltava River, the 99 rooms and suites hotel is nestled in the quiet cobbled streets of picturesque Malá Strana and is close to many of Prague's major attractions.

The Group's iconic Westcliff Hotel in Johannesburg opened in December 2014 as Four Seasons Hotel The Westcliff, Johannesburg after an extensive 2 year renovation. Famous for discreetly housing international celebrities, this stylish hillside urban resort features panoramic views of the Johannesburg Zoo and the prestigious neighbourhood of Sandton, while still being conveniently close to business, culture, shopping and leisure activities.

On the eastern side of Africa, the Four Seasons Safari Lodge Serengeti continues to amaze guests with its spectacular views of the plains and wildlife. Situated in the Serengeti National Park of Tanzania, a UNESCO World Heritage Site, this luxury lodge

Hard Rock Hotel, Bali

houses a total of 77 rooms, suites and villas along with an outdoor infinity pool next to an active watering hole frequently visited by wild animals.

In Asia, the Group's first resort in Thailand outside of Bangkok, Point Yamu by COMO in Phuket had its soft opening in late 2014. The resort has already garnered numerous prestigious awards such as 'Winner of Best Villa Development (South East Asia)' and 'Winner of Best Hotel Architectural Design' by South East Asia Property Awards 2014.


Four Seasons Resort Bali at Jimbaran Bay

Only a 25-minute drive from Phuket International Airport, Point Yamu by COMO is located at the tip of Cape Yamu and overlooks the pristine Andaman Sea and the dramatic limestones of Phang Nga Bay. Designed by world-renowned Italian designer Paola Navone, the luxury resort features 79 rooms and suites, 27 private luxury villas, a COMO Shambhala wellness retreat as well as two world-class Thai and Italian restaurants.

In Indonesia, the two Four Seasons Resorts and Hard Rock Hotel in Bali continue to benefit from strong tourist arrivals from the region and afar. Both the Four Seasons resorts at Sayan and Jimbaran Bay were recognised as TripAdvisor's 'Top 25 Hotels' in Indonesia in 2015.

Positioned as one of Bali's top dining destinations, the Group's beachfront restaurant, Sundara at the Four Seasons Resort Bali at Jimbaran Bay continues to attract and surprise. Designed by Koichi Yasuhiro from Tokyo's renowned Design Studio SPIN, Sundara spans 29,493 square feet on two levels and features a variety of indoor and outdoor seating venues.

In Singapore, the Four Seasons Hotel and Hilton Hotel continue to add significantly to earnings, while the Division's portfolio of five hotels in Malaysia, including the Hard Rock Hotel, Penang and Concorde Hotel Kuala Lumpur fared better in 2014 than the previous year, largely due to an increase in tourist arrivals into the country.

The Hotel Division continues to strive to recognise, anticipate and satisfy the ever-changing needs of its discerning guests, and we are confident that the Division will continue to contribute strongly to the Group in 2015.

PROPERTIES

Artist's Impression: Burlington Gate, London

BUSINESS REVIEW


d'Leedon, Singapore

> During the year the Property Division added to the London portfolio the acquisition of a joint venture interest in a freehold development opportunity located on London Street, Paddington.

During the year the Property Division added to the London portfolio the acquisition of a joint venture interest in a freehold development opportunity located on London Street, Paddington. The 1.1 acre site sits next to Paddington railway station in close proximity to the Grand Union Canal and the development is carried out at Paddington Basin and former goods yard.


The Interlace, Singapore

Paddington Station is a major transport interchange providing access to mainline railway services, the London underground system, Heathrow Express and, to be completed in 2018, Crossrail. The site is 10 minutes' walk from Hyde Park and the Oxford Street shopping district and is in the Borough of Westminster.

It is anticipated that this site will be redeveloped into a mixed use scheme, including retail, private residential apartments and a substantial upgrade to the surrounding public realm, with Renzo Piano Building Workshop appointed as the architects to work on the proposals.

Following acquisition of the interest in 2013, the Campden Hill development project, located in the borough of Kensington & Chelsea, has commenced on site with excavation and initial structural works moving ahead smoothly. The development of 72 residential apartments (180,000 square feet) with secure underground parking and other amenities, by renowned architects John McAslan + Partners, is expected to complete by late 2016. Demand for these units, overlooking Holland Park and close to Kensington High Street, has been strong, with initial sales exceeding expectation.

The 30 Old Burlington Street project consisting of a freehold site in Mayfair, London, now named Burlington Gate, is progressing. Demolition of the old commercial office building is complete and ground works for the new Rogers Stirk Harbour + Partners designed building have commenced. Expected completion date is early 2017.

The residential and retail development project (90,000 square feet) is located in Bond Street's luxury quarter, between Savile Row, the Royal Academy of Arts and Bond Street with excellent transport links. A majority of the 42 residential apartments have already been reserved, with a limited number of the premium apartments not yet released.

The Property Division's stable of developments also include The Met condominium in Bangkok which is Thailand's most award-winning condominium for design, The Interlace condominium and the recently completed - Tomlinson Heights and d'Leedon condominium in Singapore.

Tomlinson Heights, an exclusive 70-unit luxury condominium that sits on 76,888

square feet of freehold land in prime District 10 is just minutes away from the city's shopping belt, Orchard Road.

The elegant 36-storey condominium is a desirable choice for privileged buyers seeking tranquility with the conveniences of city living. Its sleek, curvilinear architecture and wave-like fluidity of it façade offer future dwellers breath-taking views of the surrounding cityscape in the privacy of their living room.

Also a stone's throw from Orchard Road is d'Leedon condominium, a joint venture development with CapitaLand. Designed by Pritzker Architecture Prize winner Zaha Hadid, d'Leedon condominium is the epitome of luxury. Surrounded by good class bungalows and highly coveted for its scale and prime location, d'Leedon condominium consists of seven 36-storey high residential towers and is renowned for its petering vertical silhouette with unobstructed sightlines of Botanic Gardens and the city skyline.


Tomlinson Heights, Singapore


Tomlinson Heights, Singapore

The other joint venture development with CapitaLand is The Interlace condominium which is designed by the internationally-acclaimed Ole Scheeren. The luxury condominium sets a new benchmark in concept living by defying the convention of standard isolated, vertical apartment towers of Singapore and appeals to well-travelled and cosmopolitan home buyers who appreciate a home with a radical difference.

Touted as one of the largest and most ambitious residential developments in Singapore, the 8-hectare development is set amidst lush landscaping and expansive outdoor space with its design revolving around three elements – Nature, Space and Community.

Thirty-one blocks consisting of 1,040 apartment units, each standing at six-storeys tall and identical in length, are

Dixon House, London

stacked in a hexagonal arrangement to form eight large open and permeable courtyards.

A recipient of the National Parks Board's inaugural Landscape Excellence Assessment Framework certificate in recognition for its role in helping keep Singapore green in built-up environments, The Interlace's tropical landscaping includes extensive roof gardens blooming with flora and fauna, landscaped sky terraces and cascading balconies.

On the commercial front, the Property Division also owns Concorde Shopping Centre and Forum the Shopping Mall, which is renowned to house numerous high-fashion designer labels and high-end multi-label boutiques such as TriBeCa and Club 21b.

Artist's Impression: Campden Hill, London

CORPORATE INFORMATION


Four Seasons Resort Maldives at Kuda Huraa

BOARD OF DIRECTORS

CHAIRMAN
Arthur Tan Keng Hock

MANAGING DIRECTOR
Ong Beng Seng

MEMBERS
Christopher Lim Tien Lock
Michael S. Dobbs-Higginson
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng
Stephen Ng Tin Hoi

NOMINATING COMMITTEE

CHAIRMAN
Leslie Mah Kim Loong

MEMBERS
Michael S. Dobbs-Higginson
David Fu Kuo Chen

REMUNERATION COMMITTEE

CHAIRMAN
Michael S. Dobbs-Higginson

MEMBERS
Arthur Tan Keng Hock
Ong Beng Seng

AUDIT COMMITTEE

CHAIRMAN
Leslie Mah Kim Loong

MEMBERS
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock

SECRETARIES
Chuang Sheue Ling
Lo Swee Oi

PRINCIPAL BANKERS
OCBC Bank
DBS Bank
United Overseas Bank

AUDITORS

DELOITTE & TOUCHE LLP
Certified Public Accountants,
Singapore

PARTNER-IN-CHARGE
Cheung Pui Yuen
(appointed on
April 27, 2012)

REGISTRAR

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Singapore Land Tower
Singapore 048623
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#08-01 HPL House
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Telephone: 6734 5250

Financial Statements 2014

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014.

1. DIRECTORS

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

Arthur Tan Keng Hock
Ong Beng Seng
Christopher Lim Tien Lock
Michael S. Dobbs-Higginson
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng
Stephen Ng Tin Hoi (appointed on July 25, 2014)

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in Cuscaden Partners Pte. Ltd.		
Ong Beng Seng	–	90
Shares in 68 Holdings Pte. Ltd.		
Ong Beng Seng	–	120*
Shares in Hotel Properties Limited		
Ong Beng Seng	206,706,460**	404,257,886**
David Fu Kuo Chen	111,758,680#	111,758,680#
Christopher Lim Tien Lock	196,800	–
Stephen Lau Buong Lik	279,600	–

REPORT OF THE DIRECTORS

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

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in HPL Resorts (Maldives) Private Limited		
Ong Beng Seng	10,000*	10,000*
Shares in HPL Properties (Indian Ocean) Pte Ltd		
Ong Beng Seng	10*	10*
Shares in Great Western Enterprises Limited		
Ong Beng Seng	–	10*
David Fu Kuo Chen	–	10*
Options to acquire ordinary shares under the Hotel Properties Limited Share Option Schemes		
Christopher Lim Tien Lock	2,680,000	1,100,000
Stephen Lau Buong Lik	2,220,000	920,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	753,200	–
Stephen Lau Buong Lik	654,400	–

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

** As at December 31, 2014, 404,257,886 (as at January 1, 2014, 203,406,460) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

As at December 31, 2014, 110,889,680 (as at January 1, 2014, 110,889,680) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

By virtue of Section 7 of the Singapore Companies Act, Mr Ong Beng Seng and Mr David Fu Kuo Chen are deemed to have an interest in the other related corporations of the Company.

Apart from Mr Christopher Lim Tien Lock's and Mr Stephen Lau Buong Lik's change of interest in options to acquire ordinary shares under the Share Option Schemes from 1,100,000 and 920,000 to 2,000,000 and 1,670,000 respectively on January 21, 2015, there were no other changes in the above directors' interests as at January 21, 2015.

REPORT OF THE DIRECTORS

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5. SHARE OPTIONS AND PERFORMANCE SHARES

The Company has two share option schemes, known as Hotel Properties Limited Share Option Scheme 2000 ("Scheme 2000") and Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"), which were approved by the shareholders on June 23, 2000 and April 29, 2010 respectively. The Company also has a performance share plan, known as the Hotel Properties Limited Performance Share Plan ("HPL PSP"), which was approved by the shareholders on April 28, 2006.

Scheme 2000, Scheme 2010 and HPL PSP are administered by the Remuneration Committee whose members are:

Michael S. Dobbs-Higginson (Chairman)
Arthur Tan Keng Hock
Ong Beng Seng

a) Share Options Granted

On July 3, 2014 ("Offering Date"), options were granted pursuant to the Scheme 2010 to executives of the Company to subscribe for 3,400,000 ordinary shares in the Company at the subscription price of $3.21 per ordinary share ("Offering Price"). An announcement was released to SGX-ST via SGXNET on July 3, 2014, in accordance with Rule 704(29) of the Listing Rules.

The options may be exercised during the period from July 3, 2016 to July 2, 2024, both dates inclusive, by notice in writing accompanied by a remittance for the full amount of the Offering Price (subject to adjustments under certain circumstances).

The Offering Price was set at a discount to the market price of the shares based on the average last business done price for the shares of the Company for the five consecutive market days preceding the Offering Date or failing which, the last five market days on which there was trading in the shares of the Company before the Offering Date.

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

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

b) Share Options Exercised

During the financial year, the Company issued 9,615,000 new ordinary shares for cash following the exercise of options by executives of the Company granted in conjunction with the Schemes.

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

5. SHARE OPTIONS AND PERFORMANCE SHARES (cont'd)

c) Unissued Shares Under Option

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

Date of Grant	Number of Share Options			Exercise Price	Exercise Period
	Balance at 1/1/14 or date of grant if later	Exercised	Balance at 31/12/14		
Pursuant to Scheme 2000					
28/02/2005	220,000	220,000	–	$1.000	28/02/2007 – 27/02/2015
17/03/2006	565,000	565,000	–	$1.145	17/03/2008 – 16/03/2016
10/10/2007	1,420,000	–	1,420,000	$4.000	10/10/2009 – 09/10/2017
20/05/2008	950,000	950,000	–	$2.330	20/05/2010 – 19/05/2018
13/10/2009	980,000	980,000	–	$1.720	13/10/2011 – 12/10/2019
29/03/2010	2,160,000	2,160,000	–	$1.770	29/03/2012 – 28/03/2020
Total	6,295,000	4,875,000	1,420,000		
Pursuant to Scheme 2010					
08/07/2011	1,580,000	1,580,000	–	$1.890	08/07/2013 – 07/07/2021
24/08/2012	1,580,000	1,580,000	–	$2.020	24/08/2014 – 23/08/2022
30/07/2013	1,580,000	1,580,000	–	$2.520	30/07/2015 – 29/07/2023
03/07/2014	3,400,000	–	3,400,000	$3.210	03/07/2016 – 02/07/2024
Total	8,140,000	4,740,000	3,400,000		

d) The information on directors of the Company participating in the Share Option Schemes is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Schemes to the end of the financial year	Aggregate options exercised since commencement of the Schemes to the end of the financial year	Aggregate options outstanding at the end of the financial year
Christopher Lim Tien Lock	900,000	5,365,000	4,265,000	1,100,000
Stephen Lau Buong Lik	750,000	4,045,000	3,125,000	920,000

No employee has received 5% or more of the total number of options available under the Share Option Shemes.

No options under the Schemes were granted to controlling shareholders or other associates.

e) Awards under Performance Share Plan

Details of the movement in the awards of the Company during the financial year were as follows:

Year of award	Balance as at January 1, 2014		Released	Balance as at December 31, 2014	
	No. of holders	No. of shares	No. of shares	No. of holders	No. of shares
2011	2	1,407,600	1,407,600	–	–
Total		1,407,600	1,407,600		–

REPORT OF THE DIRECTORS

6. AUDIT COMMITTEE

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

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

7. AUDITORS

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

ON BEHALF OF THE DIRECTORS

Arthur Tan Keng Hock

Ong Beng Seng

March 30, 2015

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 88 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, 2014, 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 30, 2015

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, 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 88.

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 unauthorised use or disposition; and transactions are properly authorised 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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, 2014, 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 30, 2015

STATEMENTS OF FINANCIAL POSITION

December 31, 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Current assets					
Cash and bank balances	6	136,602	115,331	37,515	27,193
Held-for-trading investments	7	9,495	3,140	–	–
Trade and other receivables	8	61,217	60,301	3,170	2,973
Amount due from associates	12	37,307	62,790	6,231	7,041
Amount due from subsidiaries	15	–	–	828,453	720,333
Inventories	9	10,058	8,850	249	297
Development property	10	–	358,398	–	–
Completed properties held for sale	11	261,591	18,491	–	–
Total current assets		516,270	627,301	875,618	757,837
Non-current assets					
Associates and jointly controlled entities	12	842,386	725,842	–	1,061
Subsidiaries	15	–	–	625,873	659,743
Available-for-sale investments	16	8,096	7,552	–	–
Other long-term prepayments	17	–	373	–	–
Property, plant and equipment	18	1,165,168	958,972	229,133	227,618
Investment properties	19	688,698	683,012	–	–
Deferred tax assets	23	4,298	4,509	–	–
Intangible assets	20	6,329	6,593	–	–
Total non-current assets		2,714,975	2,386,853	855,006	888,422
Total assets		**3,231,245**	**3,014,154**	**1,730,624**	**1,646,259**
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	21	261,464	314,784	89,958	–
Trade and other payables	22	130,560	116,494	29,974	30,035
Amount due to subsidiaries	15	–	–	44,456	44,456
Income tax payable		28,089	9,633	6	–
Total current liabilities		**420,113**	**440,911**	**164,394**	**74,491**
Non-current liabilities					
Advances from subsidiaries	15	–	–	20,454	60,368
Long-term borrowings	21	875,685	742,763	496,863	500,679
Deferred tax liabilities	23	13,947	28,229	1,054	1,012
Total non-current liabilities		**889,632**	**770,992**	**518,371**	**562,059**
Share capital and reserves					
Share capital	24	715,415	687,832	715,415	687,832
Reserves		986,674	902,079	184,097	173,530
Equity attributable to owners of the Company		1,702,089	1,589,911	899,512	861,362
Perpetual capital securities	26	148,347	148,347	148,347	148,347
		1,850,436	1,738,258	1,047,859	1,009,709
Non-controlling interests		71,064	63,993	–	–
Total equity		1,921,500	1,802,251	1,047,859	1,009,709
Total liabilities and equity		**3,231,245**	**3,014,154**	**1,730,624**	**1,646,259**

See accompanying notes to financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended December 31, 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	27	614,644	691,964
Cost of sales		(417,099)	(475,132)
Gross profit		197,545	216,832
Other operating income	28	26,723	4,537
Administrative expenses		(69,846)	(64,527)
Other operating expenses	28	(1,106)	(3,858)
Finance costs		(32,001)	(25,095)
Share of results of associates and jointly controlled entities		32,990	63,488
Profit before income tax and fair value changes in investment properties		154,305	191,377
Fair value gain on investment properties	19	5,686	21,386
Profit before income tax	28	159,991	212,763
Income tax expense	29	(25,180)	(25,958)
Profit for the year		134,811	186,805
Attributable to:			
Owners of the Company		124,395	177,645
Non-controlling interests		10,416	9,160
		134,811	186,805
Earnings per share (Cents):	30		
– basic		22.34	33.19
– diluted		22.29	33.05

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended December 31, 2014

	Group	
	2014	**2013**
	$'000	**$'000**
Profit for the year	134,811	186,805
Other comprehensive income (net of tax):		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation	(229)	490
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	18,719	(1,765)
Increase (Decrease) in other capital reserve	44	(297)
Share of other comprehensive income of associates and jointly controlled entities	(1,385)	7,661
	17,378	5,599
Other comprehensive income for the year, net of tax	17,149	6,089
Total comprehensive income for the year	151,960	192,894
Attributable to:		
Owners of the Company	141,221	183,745
Non-controlling interests	10,739	9,149
	151,960	192,894

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

Group	Share capital $'000	Retained profits $'000	Other reserves $'000 (Note 25)	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
Balance as at January 1, 2013	686,139	682,702	106,172	1,475,013	148,347	1,623,360	91,143	1,714,503
Total comprehensive income 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	–	–	(24,164)	(24,164)	–	(24,164)	(41,462)	(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)	(95,958)
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**
Total comprehensive income for the year								
Profit for the year	–	124,395	–	124,395	–	124,395	10,416	134,811
Other comprehensive income (loss) for the year	–	(228)	17,054	16,826	–	16,826	323	17,149
Total	–	124,167	17,054	141,221	–	141,221	10,739	151,960
Transaction with owner, recognised directly in equity								
Recognition of share-based payments	–	–	2,783	2,783	–	2,783	–	2,783
Dividends (Note 31)	–	(41,386)	–	(41,386)	–	(41,386)	–	(41,386)
Net movement during the year	–	–	–	–	–	–	(3,668)	(3,668)
Issue of shares	27,583	–	(8,835)	18,748	–	18,748	–	18,748
Total	27,583	(41,386)	(6,052)	(19,855)	–	(19,855)	(3,668)	(23,523)
Distribution to perpetual capital securities holders	–	(9,188)	–	(9,188)	–	(9,188)	–	(9,188)
Balance as at December 31, 2014	**715,415**	**887,165**	**99,509**	**1,702,089**	**148,347**	**1,850,436**	**71,064**	**1,921,500**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

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, 2013	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**
Total comprehensive income for the year						
Profit for the year	–	67,193	–	67,193	–	67,193
Total	–	67,193	–	67,193	–	67,193
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	–	–	2,783	2,783	–	2,783
Dividends (Note 31)	–	(41,386)	–	(41,386)	–	(41,386)
Issue of shares	27,583	–	(8,835)	18,748	–	18,748
Total	27,583	(41,386)	(6,052)	(19,855)	–	(19,855)
Distribution to perpetual capital securities holders	–	(9,188)	–	(9,188)	–	(9,188)
Balance as at December 31, 2014	**715,415**	**71,015**	**113,082**	**899,512**	**148,347**	**1,047,859**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group 2014 $'000	Group 2013 $'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	127,001	149,275
Adjustments for:		
Amortisation of intangible assets	317	324
Depreciation expense	48,918	46,454
Share-based payment expense	2,783	1,742
Impairment of available-for-sale investments	–	1,931
Write-back of impairment of available-for-sale investments	(500)	–
Write-back of impairment of advances to a jointly controlled entity	(9,057)	–
Fair value gain in investment properties	(5,686)	(21,386)
Gain on disposal of a subsidiary	(1,642)	–
(Gain) Loss on disposal of property, plant and equipment	(121)	59
Net gain on disposal of associates	(13,246)	–
Finance costs	32,001	25,095
Interest income	(880)	(1,578)
Dividend income	(118)	(86)
Operating cash flows before movements in working capital	179,770	201,830
Trade and other payables	11,947	20,082
Completed properties held for sale	29,179	9,354
Development properties and expenditure	(65,457)	(79,322)
Receivables and prepayments	154,291	6,480
Held-for-trading investments	(6,355)	202
Inventories	(1,084)	(524)
Cash generated from operations	302,291	158,102
Dividend received	118	86
Income tax paid	(20,818)	(19,629)
Net cash from operating activities	281,591	138,559
Cash flows used in investing activities:		
Acquisition of additional interest in a subsidiary	–	(65,626)
Acquisition of additional interest in a jointly controlled entity	(2,438)	–
Additional property, plant and equipment	(148,810)	(41,228)
Deposits placed for investments	–	(25,290)
Net (investment in) cash from associates and jointly controlled entities	(128,375)	30,842
Proceeds from disposal of available-for-sale investment	–	15,844
Proceeds from disposal of a subsidiary	1,817	–
Proceeds from disposal of associates	15,000	–
Proceeds from disposal of property, plant and equipment	952	784
Cash used in investing activities	(261,854)	(84,674)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group	
	2014 $'000	2013 $'000
Cash flows from (used in) financing activities:		
Interest received	880	1,578
Finance costs paid	(33,023)	(31,226)
Dividend paid	(41,386)	(38,066)
Distribution to perpetual capital securities holders	(9,188)	(9,188)
Non-controlling shareholders	(8,632)	4,209
Additional borrowings	236,938	306,669
Repayment of borrowings	(163,207)	(256,710)
Decrease in deposits under pledge to bank	4	107
Proceeds from issue of shares	18,748	829
Cash from (used in) financing activities	1,134	(21,798)
Net increase in cash and cash equivalents	20,871	32,087
Cash and cash equivalents at beginning of year	111,978	79,827
Effect of exchange rate changes on cash balances held in foreign currencies	254	64
Cash and cash equivalents at end of year	133,103	111,978

The cash and cash equivalents as at December 31, 2014, 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, 2014

1. GENERAL

The Company (Registration No. 198000348Z) is incorporated in the Republic of Singapore with its principal place of business and registered office at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724. The principal place of business for the hotel operations of Hilton Singapore is at 581 Orchard Road, Singapore 238883.

During the financial year, pursuant to the mandatory conditional cash offer made by Standard Chartered Bank for and on behalf of 68 Holdings Pte. Ltd. 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., 68 Holdings Pte. Ltd. and Cuscaden Partners Pte. Ltd., both incorporated in the Republic of Singapore, became the Company's immediate and ultimate holding companies respectively. 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, 2014 were authorised for issue by the Board of Directors on March 30, 2015.

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.

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, 2014. 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:

New and revised standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these standards.

In the current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of these standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities.* FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Management reassessed the control conclusion for its investees at January 1, 2014 in accordance with FRS 110 and concluded that there is no other investee for which the Group has control over, other than those already accounted for as subsidiary as at January 1, 2014.

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures,* and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers,* has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

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

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Management reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of FRS 111 and concluded that there is no changes to the classification as at January 1, 2014.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements (see Notes 35, 36 and 37 for details).

Amendments to FRS 110, FRS 112 and FRS 27 *Investment Entities*

The amendments to FRS 110 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to FRS 112 and FRS 27 to introduce new disclosure requirements for investment entities.

The above amendments do not have any effect on the Group's consolidated financial statements as the company is not an investment entity.

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:

- Improvements to Financial Reporting Standards (January 2014)[1]
- Improvements to Financial Reporting Standards (February 2014)[1]
- Improvements to Financial Reporting Standards (November 2014)[2]
- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from contracts with customers*

[1] Applies to annual period beginning on or after July 1, 2014, with early application permitted.
[2] Applies to annual period beginning on or after July 1, 2016, with early application permitted.

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

Consequential amendments were also made to various standards as a result of these new/revised standards.

Improvements to Financial Reporting Standards (January 2014), (February 2014) and (November 2014)

The Improvements to Financial Reporting Standards (January 2014), (February 2014) and (November 2014) include a number of improvements, amendments and clarifications to various FRSs.

FRS 109 *Financial Intruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) derecognition (iii) general hedge accounting and (iv) impairment requirements for financial assets. FRS 109 is effective for reporting periods beginning on or after July 1, 2018 with early application permitted.

FRS 115 *Revenue from contracts with customers*

FRS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue standards and interpretations upon its effective date:

- FRS 18 *Revenue*;
- FRS 11 *Construction Contracts*;
- INT FRS 113 *Customer Loyalty Programmes*;
- INT FRS 115 *Agreements for the Construction of Real Estate*;
- INT FRS 118 *Transfers of Assets from Customers*; and
- INT FRS 31 *Revenue-Barter Transactions Involving Advertising Services*.

As suggested by the title of the new revenue standards, FRS 115 will only cover revenue arising from contracts with customers. Under FRS 115, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of FRS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of FRS 115. Instead, they are within the scope of FRS 39 *Financial Instruments: Recognition and Measurement*.

As mentioned above, the new revenue standard has a single model to deal with revenue contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new revenue standard introduces a 5-step approach to revenue recognition and measurement:

1) Identify the contract with a customer;
2) Identify the performance obligation in the contract;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations in the contract; and
5) Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 is effective for reporting periods beginning on or after January 1, 2017 with early application permitted. Entities can choose to apply the standard retrospectively or to use a modified approach, which is to apply the standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group is currently evaluating the impact of the above improvements and FRS in the period of initial adoption.

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

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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 ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

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.

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). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement,* or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being 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.

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

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.

For the acquisition of an asset or a group of assets that does not constitute a business, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in FRS 38 *Intangible Assets*) and liabilities assumed. The cost of acquisition is allocated to the individual assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

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.

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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.

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 entity over which the Group has significant influence. 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 joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

The results and assets and liabilities of associates and jointly controlled entities (collectively referred to as "equity accounted investees") are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, investments in equity accounted investees are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investees. 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.

An investment in an equity accounted investee is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition, any excess of the cost of investment 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 investment, after reassessment, is recognised immediately in profit or loss.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an equity accounted investee. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an equity accounted investee, or when the investment is classified as held for sale. When the Group retains an interest in the former investee and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the equity accounted investee at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the equity accounted investee is included in the determination of the gain or loss on disposal of the investee. In addition, the Group reclassifies to profit or loss all amounts previously recognised in other comprehensive income in relation to that investee on the same basis as would have been required if that investee had directly disposed of the related assets or liabilities.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an equity accounted investee but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

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

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.

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.

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

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.

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 values 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.

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

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the 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.

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.

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

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

All other borrowing costs are recognised in 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.

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 recognised 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 difference 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.

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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) Level of impairment of tangible and intangible assets.
Determining whether an asset is impaired requires an estimation of the recoverable amount of this asset. The recoverable amount of the asset is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is largely based on the fair value of the asset determined by independent professional valuer. The value in use calculation requires the Group to estimate the future cash flows expected from the investment and an appropriate discount rate in order to calculate the present value of the future cash flows.

ii) Determination of fair value of unquoted available-for-sale investments, investment properties and financial derivatives.

iii) 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. The Group recognises the expected liabilities for tax based on an estimation of the likely taxes due, which requires judgement as to the ultimate tax determination of certain items, where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Held-for-trading investments	9,495	3,140	–	–
Advances and receivables (including cash and bank balances)	513,880	537,290	1,368,789	1,284,462
Available-for-sale investments	8,096	7,552	–	–
Financial liabilities				
Other financial liabilities	1,267,709	1,174,041	681,705	635,538

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.

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

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 $3.0 million and $2.9 million respectively (2013: $2.6 million and $2.4 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 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.

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	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	41,246	75,283	49,559	45,173	–	–	630	266
Sterling pounds	296,749	142,446	159,796	–	97,787	11,814	97,787	11,851
Chinese renminbi	–	–	45,262	42,654	–	–	–	–
Malaysian ringgit	–	–	9,834	10,004	–	–	–	–

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		Malaysian ringgit impact	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit before tax	(600)	(456)	–	–	–	–	–	–
Other equity	(231)	3,467	13,695	14,245	(4,526)	(4,265)	(983)	(1,000)
Company								
Profit before tax	(63)	(27)	–	(4)	–	–	–	–

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

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 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**
Group					
2014					
Non-interest bearing	130,560	130,560	130,560	–	–
Interest bearing	1,137,149	1,229,129	289,553	773,197	166,379
	1,267,709	1,359,689	420,113	773,197	166,379
2013					
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
Company					
2014					
Non-interest bearing	74,430	74,430	74,430	–	–
Interest bearing	607,275	681,524	109,425	407,418	164,681
	681,705	755,954	183,855	407,418	164,681
2013					
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

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

The Group and the Company have provided corporate guarantees of $24 million (2013: $30 million) and $456 million (2013: $544 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 (2013: 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.

The Group's financial assets are due on demand or within 1 year, except for certain advances to associates (Note 13) and jointly controlled entities (Note 14) of which approximately 87% (2013: 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).

<u>Market risk management</u>
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 $0.9 million (2013: $0.3 million) and $0.8 million (2013: $0.7 million) respectively.

<u>Capital Risk Management</u>
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, 2014 and December 31, 2013.

<u>Fair values of financial assets and financial liabilities</u>
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).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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.

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

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
2014				
Financial assets				
Held-for-trading investments	9,495	9,495	–	–
Available-for-sale investments	8,096	7,823	–	*273
Total	17,591	17,318	–	273
2013				
Financial assets				
Held-for-trading investments	3,140	3,140	–	–
Available-for-sale investments	7,552	7,323	–	*229
Total	10,692	10,463	–	229

* 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:

	Group	
	2014 $'000	2013 $'000
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	774	760
Management fee income	(1,089)	(837)
Rental income	(10,831)	(12,453)
Transactions with associates:		
Management fee income	(1,586)	(1,579)

5. RELATED PARTY TRANSACTIONS (cont'd)

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

	Group	
	2014 $'000	2013 $'000
Short-term benefits	19,063	18,174
Post-employment benefits	288	329
Share-based payments	2,253	1,436
	21,604	19,939

6. CASH AND BANK BALANCES

a) As at December 31, 2014, cash and bank balances of approximately $3,499,000 (2013: $3,353,000) were pledged to the banks to secure certain credit facilities.

b) Included in cash and bank balances is an amount of approximately $Nil (2013: $1,326,000) held under the "Housing Developers' (Project Account) Rules", withdrawals from which are restricted to payments for expenditure incurred on the development property.

c) The bank deposits of the Group bear annual interest ranging from 0% to 3.0% (2013: 0% to 2.2%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

7. HELD-FOR-TRADING INVESTMENTS

	Group	
	2014 $'000	2013 $'000
Quoted equity shares, at fair value	9,495	3,140

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables	47,460	22,607	1,951	1,859
Less: Allowances for doubtful receivables	(275)	(234)	(17)	–
	47,185	22,373	1,934	1,859
Deposits placed for investments	–	25,290	–	–
Other deposits	2,844	2,884	128	323
Other receivables	2,186	2,179	559	197
Prepayments	9,002	7,575	549	594
Total	61,217	60,301	3,170	2,973

8. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in allowance for doubtful receivables:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of year	234	244	–	–
Amount written off during the year	(6)	(61)	–	–
Net increase in allowance recognised in profit or loss	45	50	17	–
Exchange realignment	2	1	–	–
Balance at end of year	275	234	17	–

Interest is charged at rates ranging from 14% to 18% (2013: 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 $2.6 million (2013: $2.2 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 39 days (2013: 49 days).

9. INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Saleable merchandise	7,732	6,414	249	297
Operating supplies	2,326	2,436	–	–
Total	10,058	8,850	249	297

10. DEVELOPMENT PROPERTY

	Group	
	2014	2013
	$'000	$'000
Cost incurred and attributable profits	–	535,622
Less: Progress payments received	–	(177,224)
Net	–	358,398

Finance costs of $2,067,000 (2013: $7,295,000) 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 3.8% (2013: 2.0% to 3.5%) per annum. As at December 31, 2013, the development property was mortgaged to a bank to secure certain credit facilities (Note 21).

During the year, development property amounting to $250,025,000 were completed and reclassified as completed properties held for sale.

11. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	14 (2013: 24) condominium units with an aggregate floor area of approximately 31,328 (2013: 52,190) square feet
Tomlinson Heights 31 Tomlinson Road, Singapore 247855	Freehold	36* condominium units with an aggregate floor area of approximately 125,774 square feet

*These had been reclassified from development properties (Note 10) during the year.

12. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Associates (Note 13)	515,197	475,545	–	1,061
Jointly controlled entities (Note 14)	327,189	250,297	–	–
	842,386	725,842	–	1,061
Amount due from associates – current (Note 13)	37,307	62,790	6,231	7,041

13. ASSOCIATES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cost of investments in associates(1)	256,733	248,734	–	245
Share of post-acquisition results and reserves net of dividend received	(71,509)	(91,457)	–	–
Advances to associates(2)	329,973	318,268	–	816
Net	515,197	475,545	–	1,061

(1) During the financial year, equity contribution of $16,985,000 (2013: $1,889,000) was made in an associate of the Group in which a director is deemed to have interest.

(2) Advances to associates amounting to $290,600,000 (2013: $284,970,000) bear interest ranging from 1.5% to 3.9% (2013: 2.1% to 3.9%) per annum and the rest are in substance net investment.

As at December 31, 2014, 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 $8,515,000 (2013: $34,151,000) due to the Group which bears interest ranging from 6.0% to 7.7% (2013: 1.3% to 7.7%) per annum.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

14. JOINTLY CONTROLLED ENTITIES

	Group	
	2014 $'000	2013 $'000
Cost of investments in jointly controlled entities	159,565	188,513
Share of post-acquisition results and reserves	(9,780)	(11,918)
Advances to jointly controlled entities[1]	177,404	73,702
Total	327,189	250,297

[1] Advances to jointly controlled entities as at December 31, 2014, are in substance net investment. As at December 31, 2013, advances to a jointly controlled entity amounting to $49,647,000 (net of impairment loss) bore interest at 6.4% per annum and was secured by a property of the jointly controlled entity. The rest of the advances were in substance net investment.

A jointly controlled entity, Laem Ka Properties Co., Ltd, was reclassified to a subsidiary subsequent to the additional equity interest of 45% acquired in October 2014.

Impairment loss of $9,057,000 (2013: $Nil) on the advances to a jointly controlled entity was written back based on management's assessment on the recoverability of the advances by reference to the financial conditions of the entity.

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

15. SUBSIDIARIES

	Company	
	2014 $'000	2013 $'000
Total advances to subsidiaries	1,340,839	1,266,589
Less: Impairment loss	(18,417)	(18,417)
	1,322,422	1,248,172
Less: Amount due from subsidiaries classified as current asset	(828,453)	(720,333)
Non-current advances to subsidiaries	493,969	527,839
Unquoted equity shares, at cost	131,904	131,904
Total	625,873	659,743

As at December 31, 2014, advances to subsidiaries of $493,969,000 (2013: $527,839,000) bear interest at rates ranging from 1.2% to 3.8% (2013: 1.2% to 3.7%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $828,453,000 (2013: $720,333,000) 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, 2014, the amounts due to subsidiaries of $44,456,000 (2013: $44,456,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $20,454,000 (2013: $60,368,000) bear interest at rates ranging from 2.1% to 2.2% (2013: 1.4% to 2.4%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $14,292,000 (2013: $12,081,000).

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

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2014 $'000	Group 2013 $'000
Non-Current:		
Unquoted equity shares, at fair value	273	229
Quoted debt securities, at fair value	7,823	7,323
Total	8,096	7,552

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% (2013: 5.1%) per annum.

During the financial year, there was a reversal of impairment loss of $0.5 million (2013: impairment loss of $1.9 million) due to the changes in fair value of the quoted debt securities by reference to the market prices at the end of the reporting period.

17. OTHER LONG-TERM PREPAYMENTS

	Group 2014 $'000	Group 2013 $'000
Prepaid rent	–	454
Less: Current portion of prepaid rent included in prepayments (Note 8)	–	(81)
	–	373

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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
Group						
Cost or valuation:						
At January 1, 2013	441,922	116,872	610,811	370,543	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	116,872	621,956	381,295	16,288	1,580,581
Additions	21,609	–	72,640	28,011	26,550	148,810
Arising from acquisition of additional interest in a jointly controlled entity	81,649	–	–	12	9,704	91,365
Arising from disposal of a subsidiary	–	–	(5,233)	(4,242)	–	(9,475)
Reclassification	–	–	13,377	5,456	(18,833)	–
Disposals	–	–	(194)	(5,350)	–	(5,544)
Exchange realignment	6,127	–	21,633	7,643	1,133	36,536
At December 31, 2014	553,555	116,872	724,179	412,825	34,842	1,842,273
Comprising:						
December 31, 2013						
At cost	90,057	116,872	621,956	381,295	16,288	1,226,468
At valuation	354,113	–	–	–	–	354,113
	444,170	116,872	621,956	381,295	16,288	1,580,581
December 31, 2014						
At cost	199,383	116,872	724,179	412,825	34,842	1,488,101
At valuation	354,172	–	–	–	–	354,172
	553,555	116,872	724,179	412,825	34,842	1,842,273

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

	Freehold and leasehold land $'000	Leasehold property $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Group						
Accumulated depreciation:						
At January 1, 2013	13,305	31,525	242,125	296,121	–	583,076
Depreciation for the year	854	1,313	19,895	24,392	–	46,454
Disposals	–	–	(95)	(8,294)	–	(8,389)
Exchange realignment	436	–	419	(651)	–	204
At December 31, 2013	14,595	32,838	262,344	311,568	–	621,345
Depreciation for the year	1,437	1,314	23,783	22,384	–	48,918
Arising from acquisition of additional interest in a jointly controlled entity	–	–	–	12	–	12
Arising from disposal of a subsidiary	–	–	(4,894)	(4,103)	–	(8,997)
Disposals	–	–	(131)	(4,582)	–	(4,713)
Exchange realignment	674	–	7,545	5,763	–	13,982
At December 31, 2014	16,706	34,152	288,647	331,042	–	670,547
Impairment loss:						
At January 1, 2013	273	–	–	–	–	273
Exchange realignment	(9)	–	–	–	–	(9)
At December 31, 2013	264	–	–	–	–	264
Arising from acquisition of additional interest in a jointly controlled entity	–	–	–	–	6,170	6,170
Exchange realignment	(6)	–	–	–	130	124
At December 31, 2014	258	–	–	–	6,300	6,558
Carrying amount:						
At December 31, 2013	429,311	84,034	359,612	69,727	16,288	958,972
At December 31, 2014	536,591	82,720	435,532	81,783	28,542	1,165,168

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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
Company					
Cost or valuation:					
At January 1, 2013	208,800	24,879	94,448	259	328,386
Additions	–	–	4,823	329	5,152
Reclassifications	–	–	567	(567)	–
Disposals	–	–	(2,124)	–	(2,124)
At December 31, 2013	208,800	24,879	97,714	21	331,414
Additions	–	–	3,550	2,336	5,886
Reclassifications	–	–	189	(189)	–
Disposals	–	(18)	(2,871)	–	(2,889)
At December 31, 2014	208,800	24,861	98,582	2,168	334,411
Comprising:					
December 31, 2013					
At valuation	208,800	–	–	–	208,800
At cost	–	24,879	97,714	21	122,614
	208,800	24,879	97,714	21	331,414
December 31, 2014					
At valuation	208,800	–	–	–	208,800
At cost	–	24,861	98,582	2,168	125,611
	208,800	24,861	98,582	2,168	334,411
Accumulated depreciation:					
At January 1, 2013	–	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
Depreciation for the year	–	419	3,672	–	4,091
Disposals	–	(18)	(2,591)	–	(2,609)
At December 31, 2014	–	18,265	87,013	–	105,278
Carrying amount:					
At December 31, 2013	208,800	7,015	11,782	21	227,618
At December 31, 2014	208,800	6,596	11,569	2,168	229,133

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 $301 million (2013: $194 million) and $98 million (2013: $98 million) respectively.

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

As at December 31, 2014, certain property, plant and equipment with total carrying amount of $951 million (2013: $841 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

19. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to $26 million (2013: $27 million) and $8.6 million (2013: $8.6 million) respectively for the year ended December 31, 2014.

For the year ended December 31, 2014, fair value gain recognised amounted to $5.7 million (2013: $21.4 million).

Certain investment properties amounting to approximately $655 million as at December 31, 2014 (2013: $650 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, 2014, and 2013 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, 2014 are as follows:

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
2014				
Investment properties	688,698	–	–	688,698
2013				
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 ranges from 2.5% to 5.0% (2013: 2.5% to 4.8%), the lower the fair value; and
c) The higher the transacted price of comparable units which range from $21,500 to $43,100 (2013: $11,800 to $37,000) per square metre, the higher the fair value.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

20. INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2013	10,912	6,078	16,990
Exchange realignment	189	(126)	63
At December 31, 2013	11,101	5,952	17,053
Arising from disposal of a subsidiary	(5,591)	–	(5,591)
Exchange realignment	(75)	148	73
At December 31, 2014	5,435	6,100	11,535
Accumulated amortisation:			
At January 1, 2013	–	3,861	3,861
Amortisation charged against other operating expense	–	324	324
Exchange realignment	–	(79)	(79)
At December 31, 2013	–	4,106	4,106
Amortisation charged against other operating expense	–	317	317
Exchange realignment	–	95	95
At December 31, 2014	–	4,518	4,518
Impairment loss:			
At January 1, 2013	6,165	–	6,165
Exchange realignment	189	–	189
At December 31, 2013	6,354	–	6,354
Arising from disposal of a subsidiary	(5,591)	–	(5,591)
Exchange realignment	(75)	–	(75)
At December 31, 2014	688	–	688
Carrying amount:			
At December 31, 2013	4,747	1,846	6,593
At December 31, 2014	4,747	1,582	6,329

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 (2013: $4.7 million) respectively.

The recoverable amounts of the CGU are determined from professional valuations based on income approach (2013: professional valuations) on properties held by the CGUs.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

21. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Due after twelve months				
Long-term bank loans	473,729	250,922	97,662	11,727
Notes payable	399,201	488,952	399,201	488,952
Other long-term liabilities	2,755	2,889	–	–
	875,685	742,763	496,863	500,679
Due within twelve months				
Current portion of long-term bank loans	171,242	314,531	–	–
Notes payable	89,958	–	89,958	–
Current portion of other long-term liabilities	264	253	–	–
	261,464	314,784	89,958	–
Bankers' guarantees	25,249	25,342	339	435

a) During the year, bank loans (secured) bear floating interest rates ranging from 1.1% to 2.6% (2013: 1.1% to 4.1%) per annum, and certain notes payable (unsecured) and other long-term liabilities (secured) bear fixed interest rates ranging from 3.5% to 5% (2013: 3.4% to 5%) per annum. The carrying amount and fair value of these notes and other long-term liabilities are $492,178,000 and $506,414,000 (2013: $492,094,000 and $517,077,000) respectively. The notes and other long-term liabilities 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 2015 to 2026 (2013: 2014 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) 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.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	73,024	64,701	6,735	5,994
Accrued employee-related expenses	27,314	28,152	13,495	14,598
Accrued operating expenses	19,108	15,528	3,883	3,657
Due to companies in which certain directors have interests*	360	388	–	–
Interest payable to non-related companies	6,799	6,697	5,473	5,390
Others	3,955	1,028	388	396
Total	130,560	116,494	29,974	30,035

* 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 (2013: 1 to 2 months).

23. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets	(4,298)	(4,509)	–	–
Deferred tax liabilities	13,947	28,229	1,054	1,012
Net	9,649	23,720	1,054	1,012

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
Group					
At January 1, 2013	(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
Charge to (Reversal from) profit or loss	133	1,641	(14,576)	(1,219)	(14,021)
Charge to other comprehensive income	–	–	–	(120)	(120)
Exchange realignment	–	82	–	(12)	70
At December 31, 2014	(102)	5,730	–	4,021	9,649

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

	Accelerated tax depreciation $'000
Company	
At January 1, 2013	939
Charge to profit or loss	73
At December 31, 2013	1,012
Charge to profit or loss	42
At December 31, 2014	1,054

24. SHARE CAPITAL AND OPTIONS

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At beginning of year	508,056,251	507,059,351	687,832	686,139
Issue of shares	11,022,600	996,900	27,583	1,693
At end of year	519,078,851	508,056,251	715,415	687,832

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 done 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:

	Group and Company			
	2014		2013	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	11,035,000	2.21	10,100,000	2.11
Granted during the year	3,400,000	3.21	1,580,000	2.52
Exercised during the year	(9,615,000)	1.95	(645,000)	1.29
Outstanding at the end of the year	4,820,000	3.44	11,035,000	2.21
Exercisable at the end of the year	1,420,000	4.00	7,875,000	2.19

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 $3.63 (2013: $3.44). The options outstanding at the end of the year have a weighted average remaining contractual life of 6.5 (2013: 6.1) years.

The estimated fair value of the options granted during the year is $0.79 (2013: $0.49). The fair value determined using The Black-Scholes pricing model was based on a share price of $4.40 (2013: $3.11) at the date of grant, and an expected life of 2 years (2013: 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 24% (2013: 26%) based on historical volatility of the Company's share prices over the previous 2.5 years (2013: 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	
	2014 Number of performance shares	2013 Number of performance shares
Outstanding at the beginning of the year	1,407,600	1,759,500
Released during the year	(1,407,600)	(351,900)
Outstanding at the end of the year	–	1,407,600

The Group recognised total expenses of $2,783,000 (2013: $1,742,000) 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
Group						
Balance as at January 1, 2013	221,479	(125,507)	(29)	7,471	2,758	106,172
Total comprehensive income (loss) for the year	–	*5,889	29	–	(297)	5,621
Acquisition of additional interest in a subsidiary from non-controlling interests	–	–	–	–	(24,164)	(24,164)
Recognition of share-based payments	–	–	–	1,742	–	1,742
Transfer during the year	–	–	–	(864)	–	(864)
Balance as at December 31, 2013	221,479	(119,618)	–	8,349	(21,703)	88,507
Total comprehensive income for the year	–	17,010	–	–	44	17,054
Recognition of share-based payments	–	–	–	2,783	–	2,783
Transfer during the year	–	–	–	(8,835)	–	(8,835)
Balance as at December 31, 2014	221,479	(102,608)	-	2,297	(21,659)	99,509

* Includes exchange difference realised upon disposal of certain foreign operations amounting to $8.6 million.

25. OTHER RESERVES (cont'd)

	Asset revaluation reserve $'000	Option reserve $'000	Total $'000
Company			
Balance as at January 1, 2013	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
Recognition of share-based payments	–	2,783	2,783
Transfer during the year	–	(8,835)	(8,835)
Balance as at December 31, 2014	110,785	2,297	113,082

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.

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 arrear 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	
	2014 $'000	**2013 $'000**
Sales	90,405	200,498
Hotel revenue	494,528	460,737
Rental income	26,201	27,270
Management fee	3,510	3,459
Total	614,644	691,964

Included in sales is an amount of $59,624,000 (2013: $185,922,000) being revenue recognised based on percentage of completion method on development properties.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

28. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2014 $'000	2013 $'000
Staff costs (including share-based payments)	135,234	129,091
Cost of defined contribution plans included in staff costs	8,341	7,402
Cost of inventories recognised as expense	92,966	175,311
Depreciation and amortisation	49,235	46,778
Audit fees paid to auditors:		
Auditors of the Company	762	584
Other auditors	477	471
Non-audit fees paid to auditors:		
Auditors of the Company	44	56
Other auditors	44	47
Allowance for doubtful trade receivables*	45	50
Fair value gain on held-for-trading investments*	(549)	(169)
Foreign exchange adjustment loss (gain) (net)*	117	(613)
(Write-back of) Impairment loss on available-for-sale investments*	(500)	1,931
Write-back of impairment of advances to a jointly controlled entity*	(9,057)	–
Interest income*	(880)	(1,578)
Dividend income (gross)*	(118)	(86)
(Gain) Loss on disposal of property, plant and equipment*	(121)	59
Gain on disposal of a subsidiary*	(1,642)	–
Net gain on disposal of associates*	(13,246)	–

* These are included in other operating (income) expenses.

29. INCOME TAX EXPENSE

	Group	
	2014 $'000	2013 $'000
Current tax	36,877	17,135
Deferred tax	(14,021)	8,793
	22,856	25,928
Under provision in prior years	2,324	30
	25,180	25,958

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% (2013: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group	
	2014 $'000	2013 $'000
Profit before income tax and share of results of associates and jointly controlled entities	127,001	149,275
Tax calculated at a tax rate of 17% (2013: 17%)	21,590	25,377
Non-taxable items (net)	(110)	(265)
Tax exemption	(522)	(432)
Utilisation of unabsorbed tax losses brought forward	(692)	(86)
Deferred tax asset on tax losses arising during the year not recorded	2,070	1,381
Effect of different tax rate of overseas operations	520	(47)
	22,856	25,928
Effective tax rate	18.0%	17.4%

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unrecognised tax losses and capital allowances totaling approximately $51,373,000 and $459,000 (2013: $47,631,000 and $432,000) 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 $38,047,000 (2013: $36,717,000) will expire within the next 5 years.

Group relief:
In the previous financial year, tax losses of $224,000 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 515,757,060 (2013: 507,486,755) in issue during the year.

Diluted earnings per share is based on 517,025,197 (2013: 509,875,987) ordinary shares assuming the full exercise of outstanding share options and release of performance shares during the year and adjusted Group earnings of $115,221,000 (2013: $168,492,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

30. EARNINGS PER SHARE (cont'd)

	Group 2014 $'000	2013 $'000
Profit attributable to owners of the Company used to compute basic earnings per share	115,207	168,457
Adjusted profit attributable to owners of the Company used to compute diluted earnings per share	115,221	168,492

	Group 2014 No. of shares ('000)	2013 No. of shares ('000)
Weighted average number of ordinary shares used to compute basic earnings per share	515,757	507,487
Adjustment for potential dilutive ordinary shares	1,268	2,389
Weighted average number of ordinary shares used to compute diluted earnings per share	517,025	509,876
Basic earnings per share	22.34 cents	33.19 cents
Diluted earnings per share	22.29 cents	33.05 cents

31. DIVIDENDS

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.

In 2014, 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 4 cents per ordinary share of the Company, totaling $41,386,000 in respect of the financial year ended December 31, 2013.

Subsequent to December 31, 2014, 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 6 cents per ordinary share of the Company, totaling $51,908,000 for the financial year ended December 31, 2014. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – *Events After The Reporting Period*.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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:

	Group	
	2014 $'000	2013 $'000
Capital expenditure	6,487	65,053
Interests in associates and jointly controlled entities	91,553	101,823

33. OPERATING LEASE COMMITMENTS

	Group	
	2014 $'000	2013 $'000
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	9,258	7,946

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:

	Group	
	2014 $'000	2013 $'000
Future minimum lease payable:		
Within 1 year	8,479	7,435
Within 2 to 5 years	35,037	28,430
After 5 years	237,291	188,351
Total	280,807	224,216

The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following minimum lease receivable:

	Group	
	2014 $'000	2013 $'000
Future minimum lease receivable:		
Within 1 year	29,212	28,984
Within 2 to 5 years	30,485	29,485
Total	59,697	58,469

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 $19,885,000 (2013: $18,128,000) relating to tenancy arrangements with companies in which certain directors are deemed to have interests.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
REVENUE										
External sales	498,038	464,185	116,600	227,774	6	5	–	–	614,644	691,964
Inter-segment sales	–	–	410	403	–	–	(410)	(403)	–	–
Total revenue	498,038	464,185	117,010	228,177	6	5	(410)	(403)	614,644	691,964
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	102,677	89,797	35,502	63,548	14,257	(1,939)	–	–	152,436	151,406
Fair value gain in investment properties	–	–	5,686	21,386	–	–	–	–	5,686	21,386
Segment results	102,677	89,797	41,188	84,934	14,257	(1,939)	–	–	158,122	172,792
Finance costs									(32,001)	(25,095)
Interest income									880	1,578
Share of results of equity accounted investees	(4,012)	(8,591)	35,819	70,992	1,183	1,087	–	–	32,990	63,488
Income tax expense									(25,180)	(25,958)
Non-controlling interests									(10,416)	(9,160)
Net profit									124,395	177,645

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
OTHER INFORMATION										
Segment assets	1,240,181	1,046,937	1,034,529	1,101,175	18,141	11,509	–	–	2,292,851	2,159,621
Investment in equity accounted investees	143,903	199,549	726,509	578,801	9,282	10,282	–	–	879,694	788,632
Unallocated corporate assets									58,700	65,901
Consolidated total assets									3,231,245	3,014,154
Segment liabilities	102,450	95,595	27,374	20,616	556	115	–	–	130,380	116,326
Unallocated corporate liabilities									1,179,365	1,095,577
Consolidated total liabilities									1,309,745	1,211,903
Additions to non-current assets (excluding fair value changes)	251,446	46,573	190,695	117,160	–	500	–	–	442,141	164,233
Depreciation and amortisation	48,419	46,065	813	710	3	3	–	–	49,235	46,778
(Write-back of) Impairment loss	(9,057)	–	–	–	(500)	1,931	–	–	(9,557)	1,931
Non-cash expenses (income) other than depreciation, amortisation and impairment loss	74	(605)	(7)	57	(26)	44	–	–	41	(504)

d) Information by geographic regions:

	Revenue		Non-current assets	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	275,049	384,697	1,498,439	1,482,276
The Maldives	199,496	162,340	298,246	183,931
The rest of Asia	118,948	122,049	439,519	406,331
United Kingdom and Europe	23	–	350,339	200,516
Others	21,128	22,878	116,038	101,738
	614,644	691,964	2,702,581	2,374,792

Others consist of mainly U.S.A., Australasia and Africa.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

35. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2014 %	Group's Effective Interest 2013 %
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
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	100
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd (1)	Hotelier	Malaysia	100	100

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2014 %	Group's Effective Interest 2013 %
Held by subsidiaries of the Company				
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 (1)	Investment holding company	Thailand	100	100
Astrid Holdings Co., Ltd (1)	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 (1)	Investment holding company	United Kingdom	100	100
Chatsworth Development Management Pte Ltd	Project management company	Singapore	100	100
Concorde Hotel Management Inc. (7)	Investment holding company	U.S.A.	100	100
Concorde Hotel New York Inc. (7)	Investment holding company	U.S.A.	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1)	Hotel management	Malaysia	100	100
Coralbell Pty Ltd (7)	Investment holding company	Australia	100	100
Eastpoint Investments Limited (1)	Investment holding company	United Kingdom	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100	100
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	100
HPL (Campden) Pte Ltd	Investment holding company	Singapore	100	100
HPL (Eaton) Ltd (1)	Dormant	United Kingdom	100	100
HPL Gateway Investments Pte Ltd	Investment holding company	Singapore	100	100
HPL Hotels Pty Ltd (7)	Provision of administrative services	Australia	100	100

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2014 %	Group's Effective Interest 2013 %
Held by subsidiaries of the Company				
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL (Kensington) Pte Ltd	Investment holding company	Singapore	100	100
HPL (Mayfair) Pte Ltd	Investment holding company	Singapore	100	100
HPL (Paddington) Pte Ltd*	Investment holding company	Singapore	100	–
HPL Park Avenue Inc.(7)	Investment holding company	U.S.A.	100	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) Private Limited (2)	Hotelier and investment holding company	Maldives	70	70
HPL Retail Pte Ltd	Trading in quoted investments and investment holding	Singapore	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100
HPL (UK) Limited (1)	Provisions of information and services	United Kingdom	100	100
HPL (Whitechapel) Pte Ltd	Investment holding company	Singapore	100	100
Laem Ka Properties Co. Ltd # (3)	Hotelier and property developer	Thailand	90	–
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong / Maldives	70	70
Landeal Properties Pte Ltd (7)	Dormant	Singapore	100	100
Leisure Beach Private Limited* (2)	Developer and hotelier	Maldives	70	–
Leisure Frontiers Private Limited (2)	Hotelier	Maldives	70	70
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2014 %	Group's Effective Interest 2013 %
Held by subsidiaries of the Company				
Leisure Horizon Private Limited* (2)	Developer and hotelier	Maldives	70	–
Luxury Complex Pte Ltd	Investment holding company	Singapore	100	100
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	100	100
Luxury Properties Pte Ltd	Investment holding company	Singapore	100	100
MAT Maldives Pvt Ltd^	Hotelier	Maldives	–	66.5
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55., Corp. (4)	Hotelier	U.S.A.	100	100
Park Avenue Investments Ltd (1)	Investment holding company	United Kingdom	100	100
Pebble Bay (Thailand) Co. Ltd (3)	Property development	Thailand	74	74
PT Amanda Arumdhani (1)	Hotelier	Indonesia	100	100
PT Amanda Citra (7)	Dormant	Indonesia	100	100
PT Amanda Natha (1)	Hotelier	Indonesia	100	100
PT Amanda Pramudita (1)	Hotelier	Indonesia	100	100
PT Amanda Surya (7)	Investment holding company	Indonesia	100	100
PT Bali Girikencana (1)	Hotelier	Indonesia	93.3	93.3
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd (1)	Hotelier	Thailand	74	74
Seaside Properties (Thailand) Co. Ltd (3)	Hotelier	Thailand	74	74

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2014 %	Group's Effective Interest 2013 %
Held by subsidiaries of the Company				
South West Pacific Investments Limited (6)	Hotelier / Casino operator	Vanuatu	100	100
Sovereign Builders & Development Sdn Bhd (1)	Investment holding company	Malaysia	100	100
Straits Realty Co. Ltd (1)	Investment holding company	Thailand	74	74
Supreme Prospects Sdn Bhd (1)	Hotelier	Malaysia	100	100
Suseem Pty Ltd (7)	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
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xspand 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:

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

This company was reclassified from a jointly controlled entity due to additional equity interest of 45% acquired during the financial year.

* Acquired/Incorporated during the financial year.

^ Disposed during the financial year.

** This company is considered a subsidiary as the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

35. SUBSIDIARIES (cont'd)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of Subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014 $'000	2013 $'000	2014 $'000	2013 $'000
HPL Resorts (Maldives) Private Limited	Maldives	30%	30%	12,029	10,113	55,541	50,644
Individually immaterial subsidiaries with non-controlling interests				(1,613)	(953)	15,523	13,349
Total				10,416	9,160	71,064	63,993

Summarised financial information in respect of HPL Resorts (Maldives) Private Limited and its subsidiaries is set out below.

	2014 $'000	2013 $'000
Current assets	66,408	96,529
Non-current assets	301,796	181,891
Current liabilities	(138,101)	(37,509)
Non-current liabilities	(44,924)	(74,036)
Equity attributable to owners of the Company	129,638	116,231
Non-controlling interests	55,541	50,644
Revenue	199,496	162,340
Expenses	(159,456)	(128,652)
Profit for the year	40,040	33,688
Profit attributable to owners of the Company	28,011	23,575
Profit attributable to the non-controlling interests	12,029	10,113
Profit for the year	40,040	33,688
Other comprehensive income attributable to owners of the Company	5,507	2,488
Other comprehensive income attributable to the non-controlling interests	1,829	941
Other comprehensive income for the year	7,336	3,429
Total comprehensive income attributable to owners of the Company	33,518	26,063
Total comprehensive income attributable to the non-controlling interests	13,858	11,054
Total comprehensive income for the year	47,376	37,117
Dividends paid to non-controlling interests	5,524	–

35. SUBSIDIARIES (cont'd)

	2014 $'000	2013 $'000
Net cash inflow from operating activities	82,499	24,746
Net cash outflow from investing activities	(106,294)	(22,683)
Net cash inflow from financing activities	26,070	3,626
Net cash inflow	2,275	5,689

36. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2014 %	Group's Effective Interest 2013 %
Ankerite Pte Ltd [(2)]	Property developer	Singapore	25	25
Lead Wealthy Investments Limited [(1)]	Investment holding company	Hong Kong	20	20
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Morganite Pte Ltd [(2)]	Property developer	Singapore	22.5	22.5

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

(1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited
(2) Audited by KPMG Singapore

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs adjusted by the Group for equity accounting purposes.

Ankerite Pte Ltd

	2014 $'000	2013 $'000
Current assets	450,164	662,453
Non-current assets	10,273	16,872
Current liabilities	(97,076)	(282,057)
Revenue	81,936	510,234
Profit for the year	29,849	144,248
Total comprehensive income for the year	29,849	144,248
Dividends received from the associate during the year	15,500	-

36. ASSOCIATES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ankerite Pte Ltd recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net assets of Ankerite Pte Ltd	363,361	397,268
Proportion of the Group's ownership interest	25%	25%
Intercompany eliminations	(2,447)	(2,786)
Carrying amount of the Group's interest	88,393	96,531

Lead Wealthy Investments Limited and its subsidiaries

	2014 $'000	2013 $'000
Current assets	272,365	285,817
Non-current assets	253,681	272,015
Current liabilities	(233,477)	(100,080)
Non-current liabilities	(346,568)	(465,778)
Revenue	64,284	65,145
Loss for the year	(35,408)	(28,192)
Other comprehensive (loss) income for the year	(1,730)	630
Total comprehensive loss for the year	(37,138)	(27,562)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Lead Wealthy Investments Limited and its subsidiaries recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net liabilities of Lead Wealthy Investments Limited and its subsidiaries	(53,999)	(8,026)
Proportion of the Group's ownership interest	20%	20%
Intercompany eliminations	(4,298)	(4,298)
Shareholder's advances	37,569	35,593
Goodwill	423	423
Carrying amount of the Group's interest	22,894	30,113

36. ASSOCIATES (cont'd)

Leisure Ventures Pte Ltd and its subsidiaries

	2014 $'000	2013 $'000
Current assets	27,891	26,677
Non-current assets	199,944	169,563
Current liabilities	(70,219)	(16,140)
Non-current liabilities	(39,046)	(96,904)
Revenue	57,623	49,770
Profit (Loss) for the year	422	(9,540)
Other comprehensive income (loss) for the year	2,657	(847)
Total comprehensive income (loss) for the year	3,079	(10,387)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Leisure Ventures Pte Ltd and its subsidiaries recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net assets of Leisure Ventures Pte Ltd and its subsidiaries	118,570	83,196
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	59,285	41,598

Morganite Pte Ltd

	2014 $'000	2013 $'000
Current assets	1,753,551	1,774,397
Non-current assets	37,600	–
Current liabilities	(711,970)	(788,162)
Non-current liabilities	(1,124,582)	(1,108,344)
Revenue	742,691	1,647,048
Profit for the year	96,724	97,967
Other comprehensive income for the year	–	133
Total comprehensive income for the year	96,724	98,100

Reconciliation of the above summarised financial information to the carrying amount of the interest in Morganite Pte Ltd recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net liabilities of Morganite Pte Ltd	(45,401)	(122,109)
Proportion of the Group's ownership interest	22.5%	22.5%
Intercompany eliminations	(4,263)	(5,112)
Shareholder's advances	253,031	249,377
Carrying amount of the Group's interest	238,553	216,790

36. ASSOCIATES (cont'd)

Aggregate information of associates that are not individually material

	2014 $'000	2013 $'000
The Group's share of profit	15,826	17,144
The Group's share of other comprehensive (loss) income	(842)	4,866
The Group's share of total comprehensive income	14,984	22,010
Aggregate carrying amount of the Group's interests in these associates	106,072	90,513

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 2014 %	Group's Effective Interest 2013 %
GC Campden Hill LLP (1)	Property developer	United Kingdom	50	50
Great Western Enterprises Ltd (1)	Property developer	United Kingdom	70	–
Laem Ka Properties Co., Ltd#	Hotelier and property developer	Thailand	–	45
Ten Acre (Mayfair) Ltd (1)	Investment holding company	United Kingdom	65	65

(1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

* Acquired during the financial year.

This company was reclassified to a subsidiary due to additional equity interest of 45% acquired during the financial year.

Summarised financial information in respect of each of the Group's material jointly controlled entities is set out below. The summarised financial information below represents amounts shown in the jointly controlled entity's financial statements prepared in accordance with FRSs adjusted by the Group for equity accounting purposes.

GC Campden Hill LLP

	2014 $'000	2013 $'000
Current assets	469,815	410,750
Current liabilities	(22,752)	(697)
Non-current liabilities	(232,417)	(235,459)
Profit for the year	131	–
Other comprehensive (loss) income for the year	(1,374)	2,646
Total comprehensive (loss) income for the year	(1,243)	2,646

37. JOINTLY CONTROLLED ENTITIES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in GC Campden Hill LLP recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net assets of GC Campden Hill LLP	214,646	174,594
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	107,323	87,297

Great Western Enterprises Ltd and its subsidiary

	2014 $'000	2013 $'000
Current assets	52,496	–
Non-current assets	240,874	–
Current liabilities	(182,920)	–
Non-current liabilities	(111,854)	–
Loss for the year	(728)	–
Other comprehensive income for the year	22	–
Total comprehensive loss for the year	(706)	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Great Western Enterprises Ltd and its subsidiary recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net liabilities of Great Western Enterprises Ltd and its subsidiary	(1,404)	–
Proportion of the Group's ownership interest	70%	–
Shareholder's advances	122,957	–
Carrying amount of the Group's interest	121,974	–

Ten Acre (Mayfair) Ltd and its subsidiaries

	2014 $'000	2013 $'000
Current assets	275,356	219,582
Current liabilities	(40,354)	(12,165)
Non-current liabilities	(151,287)	(79,888)
Revenue	42	6,680
(Loss) profit for the year	(717)	1,396
Other comprehensive (loss) income for the year	(1,390)	7,126
Total comprehensive (loss) income for the year	(2,107)	8,522

37. JOINTLY CONTROLLED ENTITIES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ten Acre (Mayfair) Ltd and its subsidiaries recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Net assets of Ten Acre (Mayfair) Ltd and its subsidiaries	83,715	127,529
Proportion of the Group's ownership interest	65%	65%
Shareholder's advances	36,839	–
Carrying amount of the Group's interest	91,254	82,894

Aggregate information of jointly controlled entities that are not individually material

	2014 $'000	2013 $'000
The Group's share of loss	(4,280)	(2,260)
The Group's share of other comprehensive income (loss)	49	(2,819)
The Group's share of total comprehensive loss	(4,231)	(5,079)
Aggregate carrying amount of the Group's interests in these jointly controlled entities	6,638	80,106

38. SUBSEQUENT EVENTS

Subsequent to the end of the financial year and up to the date of authorisation of the financial statements:

(a) the Company granted 3,500,000 share options and 2,111,400 performance shares pursuant to the Hotel Properties Employee Share Option Scheme 2010 and the Performance Share Plan respectively. The exercise price of the share options granted is $3.24.

(b) a resort of the Group, Holiday Inn Resort Vanuatu, located at Port Vila, Vanuatu, has been damaged by Cyclone Pam, a maximum category 5 storm. The full extent of the damage to the resort has yet to be established and the assessment of the damage will be done by professional consultants as soon as practicable. The resort management has reported that there was no casualty as a result of the cyclone. The resort is covered by comprehensive insurance policies which cover property damage as well as business interruption.

(c) the Group acquired 30% interest in a newly formed company, Bankside Quarter (Jersey) Limited, to purchase two Jersey holding companies namely, CEREP Ludgate House Limited and CEREP Sampson House Limited, which respectively own the freehold interests in two properties; Ludgate House and Sampson House; both located in Bankside, the London Borough of Southwark, London, England. The total consideration for the purchase of the two Jersey holding companies amounts to GBP308 million.

Additional Information

CORPORATE GOVERNANCE REPORT

This report describes Hotel Properties Limited's ("HPL") corporate governance practices and structures that were in place during the financial year ended December 31, 2014, with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code") for listed companies in Singapore issued by the Monetary Authority of Singapore, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

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

Name of Directors	HPL Board	Audit Committee	Remuneration Committee	Nominating Committee
	No. of Meetings held : 4	No. of Meetings held : 4	No. of Meetings held : 1	No. of Meetings held : 1
	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Ong Beng Seng	3	N.A.	1	N.A.
Christopher Lim Tien Lock	4	N.A.	N.A.	N.A.
Arthur Tan Keng Hock	4	4	1	N.A.
Leslie Mah Kim Loong	4	4	N.A.	1
Michael S. Dobbs-Higginson	4	4	1	1
David Fu Kuo Chen	3	N.A.	N.A.	1
Stephen Lau Buong Lik	4	N.A.	N.A.	N.A.
William Fu Wei Cheng	4	N.A.	N.A.	N.A.
Stephen Ng Tin Hoi*	2	N.A.	N.A.	N.A.

N.A. = Not Applicable
* Mr. Stephen Ng Tin Hoi appointed as Director on July 25, 2014

The principal responsibilities of the Board are to:

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

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

CORPORATE GOVERNANCE REPORT

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

The Company worked closely with its company secretaries and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates released by regulatory authorities and institutes on directors' duties and responsibilities, corporate governance, changes in financial reporting standards in Singapore, developments in Companies Act and Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary.

Upon the appointment of a new Director, the Company will provide him/her with a formal letter, setting out his/her duties and obligations.

Principle 2: Board Composition and Balance

The Board comprises nine Directors of whom three are executive Directors, three non-executive/non-independent Directors and three non-executive/independent Directors.

The Chairman of the Board is Mr. Arthur Tan Keng Hock (non-executive and independent). The executive Directors are Mr. Ong Beng Seng (Managing Director), Mr. Christopher Lim Tien Lock (Group Executive Director) and Mr. Stephen Lau Buong Lik (Executive Director).

The majority of our Directors is non-executive and includes professionals with financial and commercial backgrounds. This provides Management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

The Board has no dissenting view on the Chairman's statement for the year in review.

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

Mr. Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of appointment as Chairman	:	May 14, 2013
Date of last re-election	:	April 27, 2012
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of Audit Committee since May 14, 2013; from July 5, 1996 to March 13, 1997 Chairman of Audit Committee from March 13, 1997 to May 13, 2013 Member of Remuneration Committee since May 14, 2013

On May 14, 2013, Mr. Arthur Tan was appointed as Non-Executive Chairman of HPL.

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

CORPORATE GOVERNANCE REPORT

Mr. Ong Beng Seng

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

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

Mr. Christopher Lim Tien Lock

Date of appointment as Director	:	January 7, 1998
Date of last re-election	:	April 26, 2013
Nature of Appointment	:	Group Executive Director

Mr. Lim Tien Lock, Christopher is the Group Executive Director of Hotel Properties Limited ("HPL"). He is responsible for the overall management of the HPL Group. Prior to joining HPL in 1989, Mr Lim held the position of Director and Head of Corporate Finance of N M Rothschild and Sons (Singapore) Limited with 10 years of experience in the field of investment banking. He graduated from the National University of Singapore with a bachelor's degree in Business Administration. Mr. Lim also sits on the board of Raffles Education Corporation Ltd as an Independent Director.

Mr. Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 25, 2014
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of Remuneration Committee since May 14, 2013; Member of the Remuneration Committee from November 1, 2002 to May 13, 2013 Member of the Audit Committee since July 28, 2009 Member of Nominating Committee since May 14, 2013

Mr. Dobbs-Higginson was formerly a member of Credit Suisse First Boston's Executive Management Committee in London and was responsible for all its business activities in the Asia Pacific and African regions. Subsequently, he joined Merrill Lynch & Co. ("ML"), and became a member of both Merrill Lynch's Capital Markets Executive Committee and Compensation Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region, where he was responsible for all ML's activities in the Asia Pacific region. He currently has business interests primarily in technology and a variety of strategic investments. Mr. Dobbs-Higginson has also been advisor, inter alia, to the Sasakawa Peace Foundation, Japan, to the Banque Indosuez, France and the Bangkok Bank Company Public Limited, Thailand. He is currently Non-Executive Chairman of the following privately held companies: Crescent Point, Cayman Islands, TEW Holdings, Singapore, Shado Int, Singapore, GoldKey Resources, USA and Advisor to UCF Group, Beijing, PRC. In addition, he has published two books titled "Asia Pacific and its Role in the New World Disorder" and "The Investment Manual for Fixed Income Securities in the International and major Domestic Capital Markets". He attended the Trinity College, Ireland, the Kyoto University, Japan and the School of Oriental and African Studies, London University, London.

CORPORATE GOVERNANCE REPORT

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 25, 2014
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of Audit Committee since May 14, 2013 Member of the Audit Committee from November 1, 2002 to May 13, 2013 Chairman of the Nominating Committee since July 28, 2009

Mr. Leslie Mah is a fellow member of the Institute of Chartered Accountants of England and Wales. Mr. Mah retired as an Executive Director of Eu Yan Sang International Limited in 2009. Prior to joining Eu Yan Sang, Mr. Mah was an Executive Director and Company Secretary of Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director of Harper Gilfillan Limited for 10 years. He also sits on the board of Stamford Tyres Corporation Ltd as an Independent Director.

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 25, 2014
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee since August 5, 2005

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

Mr. Stephen Lau Buong Lik

Date of appointment as Director	:	May 13, 2008
Date of last re-election	:	April 25, 2014
Nature of Appointment	:	Executive Director

Mr. Stephen Lau was appointed on May 13, 2008 as an Executive Director. He holds a B.A. Hons major in Accounting. He is a Member of the Institute of Chartered Accountants in England and Wales and a Fellow of The Association of Chartered Certified Accountants. He is currently Head of the Hotel Division. Previously, he headed positions in the Retail and Leisure divisions of the Company.

Mr. William Fu Wei Cheng

Date of appointment as Director	:	November 6, 2009
Date of last re-election	:	April 27, 2012
Nature of Appointment	:	Non-Executive and Non-Independent

Mr. William Fu graduated with a Bachelor of Accountancy Degree from the University of Singapore in 1969. After graduation, Mr. Fu acquired his financial experience from working for several listed companies before he joined the Kuo Group of Companies in Hong Kong some 25 years ago.

CORPORATE GOVERNANCE REPORT

Mr. Stephen Ng Tin Hoi

Date of appointment as Director	:	July 25, 2014
Date of last re-election	:	N.A.
Nature of Appointment	:	Non-Executive and Non-Independent

Mr. Stephen Ng Tin Hoi has been Deputy Chairman and Managing Director of The Wharf (Holdings) Limited (publicly listed in Hong Kong) since 1994. Among the Wharf Group's principal subsidiaries, he is Chairman of Harbour Centre Development Limited (publicly listed in Hong Kong), i-CABLE Communications Limited (publicly listed in Hong Kong), Modern Terminals Limited, Wharf T&T Limited and The "Star" Ferry Company Limited.

Mr Ng is also Deputy Chairman of Wheelock and Company Limited, and Chairman of Joyce Boutique Holdings Limited, both publicly listed in Hong Kong. He is also Chairman of Wheelock Properties (Singapore) Limited, publicly listed in Singapore.

Mr Ng attended Ripon College in Ripon, Wisconsin, USA and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He was formerly a Non-Executive Director of Greentown China Holdings Limited, a public listed company in Hong Kong. He is currently the Deputy Chairman of The Hong Kong General Chamber of Commerce and a council member of the Employers' Federation of Hong Kong.

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

The Nominating Committee is of the view that the current board comprising nine Directors is appropriate in view of the nature and scope of the Group's operations.

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

Principle 3: Role of Chairman and Managing Director

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

BOARD COMMITTEES

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

CORPORATE GOVERNANCE REPORT

Nominating Committee ("NC")

Principle 4: Board Membership
Principle 5: Board Performance

The NC was formed on November 1, 2002 and comprises three non-executive Directors of whom two are independent Directors. The NC is chaired by Mr. Leslie Mah Kim Loong. Mr. Mah is not associated with the substantial shareholders of the Company. The other members are Mr. Michael S. Dobbs-Higginson and Mr. David Fu Kuo Chen.

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

- the appointment or re-appointment of members of the Board and of the various Board committees;
- evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board;
- review and make recommendations to the Board on succession plans for Directors, in particular, the Chairman and Managing Director;
- determining the independence of Directors; and
- reviewing the multiple board representations of each Director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company.

The process for selecting, appointing and identifying and re-electing non-executive Directors to the Board is as follows:-

(a) The NC will at least annually carry out proactive review of the Board composition and on each occasion that an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives.

(b) In carrying out the review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity.

(c) The NC will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board.

(d) External consultants may be used from time to time to access a wide base of non-executive Directors.

(e) The NC will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions.

(f) With regard to the re-election of existing Directors each year, the NC will advise the Board of those Directors who are retiring in accordance with the provisions of the articles of the Company.

(g) The NC will make recommendations to the Board as to whether the Board should support the re-election of a Director retiring in accordance with the provisions of the articles.

(h) In making recommendations, the NC will undertake a process of review of the retiring non-executive Director's performance during the period in which the non-executive Director has been a member of the Board.

The above process will be reviewed periodically at the discretion of the Board.

New Directors will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. Article 80 of the Company's Articles of Association requires at least one third of the Board to retire by rotation at every AGM, except that the Managing Director is not subject to retirement by rotation.

CORPORATE GOVERNANCE REPORT

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

The NC has adopted a system of assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. Some factors taken into consideration by the NC include attendance at Board and Committee meetings, quality and value of contributions at Board and Committee meetings and how resolute in maintaining own views and resisting pressure from others.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the Code, and requires each Director to assess his own independence. The Director is required to declare any circumstances in which he may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent.

As at December 31, 2014, three independent Directors have served on the Board for more than nine years. They are Mr. Arthur Tan Keng Hock, Mr. Leslie Mah Kim Loong and Mr. Michael S. Dobbs-Higginson. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis on the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a Director. These factors include, inter alia, if the Directors has any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgment with a view to the best interest of the Group. After due and careful rigorous review, the Board is of the view that all three independent Directors remain independent in their exercise of judgment and objectivity in Board matters.

The NC has recommended the re-appointment of Mr. Michael Dobbs-Higginson and Mr. Leslie Mah Kim Loong, who are retiring under Section 153(6) of the Companies Act, Chapter 50, Mr. Arthur Tan Keng Hock and Mr William Fu Wei Cheng who are retiring pursuant to Article 80 of the Company's Articles of Association and Mr. Stephen Ng Tin Hoi, who is retiring pursuant to Article 70 of the Company's Articles of Association at the forthcoming AGM. The retiring Directors have offered themselves for re-appointment/ re-election. The Board has accepted the recommendations of the NC.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

The NC has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full time employment and their other responsibilities.

CORPORATE GOVERNANCE REPORT

Audit Committee ("AC")

Principle 11: Risk Management and Internal Controls
Principle 12: Audit Committee
Principle 13: Internal Audit

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

The AC comprises three non-executive Directors namely, Mr. Leslie Mah Kim Loong, Mr. Arthur Tan Keng Hock and Mr. Michael S. Dobbs-Higginson, all of whom are independent Directors. The AC is chaired by Mr. Leslie Mah Kim Loong, a fellow member of the Institute of Chartered Accountants of England and Wales. The other members of the AC have many years of experience in accounting, finance and business management.

The AC performs the following main functions:

- reviews with the external auditors, the audit plan, impact of new, revised or proposed changes in accounting standards, significant financial reporting issues and results of their examination and evaluation of accounting controls;
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control systems;
- reviews the quarterly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the Board;
- reviews interested party transactions;
- reviews the co-operation given by the Company's officers to the internal and external auditors; and
- makes recommendations to the Board on the appointment of the internal and external auditors.
- reviews with the external and internal auditors the adequacy and effectiveness of the Group's internal control systems within the scope of their audits, including financial, operational, compliance and information technology controls.
- reviews the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year
- commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule or regulation which is likely to have a material impact on the Company's operating results or financial position.

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

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

The AC has full discretion to invite any Director or executive officer of the Company to attend its meetings.

To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the external auditors where applicable when they attend the AC meetings quarterly.

The AC has conducted an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The fees paid to the external auditors are disclosed on page 70 of this Annual Report.

CORPORATE GOVERNANCE REPORT

The Group has complied with Rules 712, Rule 715 and 716 of the SGX-ST Listing Manual in relation to its auditors. The AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

A Policy on Business Related Conduct has also been put in place by the AC to provide an independent feedback channel for employees to report any corporate wrongdoings and to ensure appropriate investigation and follow up action on such report, if any. There have been no reported incidents pertaining to whistle-blowing for FY2014.

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

The internal audit function is currently outsourced to One e-Risk Services Pte Ltd which reports directly to the AC. The internal auditors support the AC in their role to assess the effectiveness of the Group's overall system of operational and financial controls.

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

The Board has received assurance from Management that (a) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances and (b) regarding the effectiveness of the Company's risk management and internal control systems.

The AC, together with Management meets with the internal auditors and external auditors to review accounting, auditing and financial reporting matters to ensure that an effective system of controls is maintained in the Group.

The internal auditors and external auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audits. Material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC (if any). It was noted that there were no systemic issues to be highlighted. The AC has reviewed the internal auditors' and external auditors' comments and findings to ensure that there are adequate internal controls in the Group and follow up on actions implemented in their next audit review.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate as at December 31, 2014 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Remuneration Committee ("RC")

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

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

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

The RC's principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required caliber to manage the Group successfully;
- review and recommend senior management remuneration package and that of the executive Directors whose remuneration packages include a variable bonus component which is performance-related, and also stock options and performance shares which have been designed to align their interests with those of the shareholders;
- review Company's obligations arising in the event of termination of executive Directors and key management personnel's contract of service.
- review the recommendation of the executive Directors, for approval of the Board, the Directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Articles of Association;
- administer the Hotel Properties Limited Executives' Share Option Scheme which was approved by the shareholders on June 23, 2000 ("Scheme 2000");
- administer the Hotel Properties Limited Performance Share Plan approved by the shareholders on April 28, 2006 ("HPL PSP"); and
- administer the Hotel Properties Employee Share Option Scheme 2010 which was approved by the shareholders on April 29, 2010 ("Scheme 2010").

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

For the financial year 2014, there were no termination, retirement and post-employment benefits granted to Directors, the Managing Director and the top five key management personnel.

The remuneration for executive Directors and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive Directors and senior management staff consists of both a fixed and variable components. The fixed component includes salary and pension fund contributions. The variable component comprises a bonus element share options and performance shares which are performance-based. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Non-executive Directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the AGM.

CORPORATE GOVERNANCE REPORT

The RC recommends the payment of the Directors' fees, subject to approval by shareholders at the AGM of the Company.

Non-executive Directors have no service contracts and their terms are specified in the Articles.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the Group's top five key management personnel (who are not Directors) is not in the best interests of the Company and therefore shareholders. Inter alia, the Board took into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in and the irrevocable negative impact such disclosure would have on the Group.

Details of remuneration and benefits of Directors for the financial year ended December 31, 2014 are set out below:-

	Fee**	Salary	Bonus and Other benefits*	Total
	%	%	%	%
Between $4,250,000 and $4,500,000				
Christopher Lim Tien Lock	2	19	79	100
Between $4,000,000 and $4,250,000				
Ong Beng Seng	2	–	98	100
Between $3,250,000 and $3,500,000				
Stephen Lau Buong Lik	2	21	77	100
Below $250,000				
Michael S. Dobbs-Higginson	100	–	–	100
Arthur Tan Keng Hock	100	–	–	100
Leslie Mah Kim Loong	100	–	–	100
David Fu Kuo Chen	100	–	–	100
William Fu Wei Cheng	100	–	–	100
Stephen Ng Tin Hoi	100	–	–	100

* exclude share options and performance shares which are disclosed in the Directors' Report
** these fees are subject to approval by shareholders as a lump sum at the Annual General Meeting for FY2014

There is no employee who is related to a Director or the Managing Driector whose remuneration exceeds $50,000 in the Group's employment for the financial year ended December 31, 2014.

The RC administers Scheme 2000 and Scheme 2010 in accordance with the rules as approved by shareholders. Executive Directors (except Mr. Ong Beng Seng who is also a deemed substantial shareholder of the Company) were granted share options under both Schemes but not non-executive Directors. The Company holds the view that, at this point in its development, the interests of maintaining the objectivity and independence of the non-executive Directors is best served by a cash-based remuneration package. The objectives of Scheme 2000 and Scheme 2010 are to motivate the executives of the Group to optimise their performance standards and efficiency and to retain key executives whose contributions are important to the long term growth and profitability of the Group.

CORPORATE GOVERNANCE REPORT

In addition to Scheme 2000 and Scheme 2010, the shareholders have approved the HPL PSP on April 28, 2006 to give the Company greater flexibility to align the interests of the employees, especially key executives, with those of shareholders. It is also intended that the HPL PSP complements Scheme 2000 and Scheme 2010 in its continuing effects to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for shareholders.

Other details of the Scheme 2000, Scheme 2010 and HPL PSP are found in the Directors' Report.

Principle 6: Access to Information
Principle 10: Accountability and Audit

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with quarterly financial statements, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior Management staffs are invited to attend the Board meetings to answer queries and provide detailed insights into their areas of responsibilities.

Where a decision has to be made before a Board meeting, a Directors' resolution is circulate in accordance with the Articles of Association of the Company and the Directors are provided with all necessary information to enable them to make informed decisions.

In addition, Directors have separate and independent access to the advice and services of the company secretary, who is responsible to the Board for ensuring board procedures are followed and advising on the implementation of compliance requirements pursuant to the relevant statutes and regulations. The company secretary attends all Board and Committee meetings. The appointment and removal of the company secretary is a matter for the Board as a whole.

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

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Communication with Shareholders
Principle 16: Greater Shareholder Participation

The Company does not practise selective disclosure. Price sensitive announcements including quarterly and full-year results are released through SGXNet and subsequently posted on the Company's website. All shareholders of the Company receive the Annual Report and Notice of AGM which can be accessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses. The Chairman of each of the AC, NC and RC, external auditors, Management are also present to address shareholders' queries.

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

The Company is not implementing absentia voting methods such as voting via mail, emails or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, the Company has been declaring final dividends at year end. Any payouts are clearly communicated to shareholders via announcements on SGXNet when the Company releases its financial results.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's interested person transactions. Details of the significant interested person transactions for the financial year ended December 31, 2014 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2014 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000)
	$'000	$'000
*** Associates of Mr. Ong Beng Seng / Mr. David Fu Kuo Chen**		
Rental income	10,831	–
Management fee income	1,089	–
Management fee expense	774	–
Equity contribution	16,985	–

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

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

Note:

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

- his immediate family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

DEALINGS IN SECURITIES

In compliance with Listing Rule 1207 (19) of the SGX-ST Listing Manual, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements. Directors, officers and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

PARTICULARS OF GROUP PROPERTIES

The main properties as at December 31, 2014 are as follows:

A Classified as Group Property, Plant and Equipment (Note 18 to the financial statements)

	Land $'000	Buildings $'000	Leasehold Property $'000
FREEHOLD AND LONG-TERM LEASEHOLD			
Singapore			
A 24-storey hotel building with 421 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)	208,800	6,596	–
Total Freehold and Long-term Leasehold	208,800	6,596	–
FREEHOLD			
Singapore			
A 20-storey hotel building with 255 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646	50,000	78,488	–
Part of a 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724 occupied by the companies in the Group	19,696	2,750	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	7,730	–	–
Thailand			
A 10-storey hotel building with 323 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	13,816	20,784	–
2 inter-connecting hotel buildings of 10 and 11 storeys with 169 rooms (known as The Metropolitan, Bangkok) at 28 South Sathorn Road, Bangkok, Thailand	12,931	24,121	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	14,734	569	–
A plot of land located at Rawai Sub-district, Phuket, Thailand	83,550	–	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	364	–

PARTICULARS OF GROUP PROPERTIES

A Classified as Group Property, Plant and Equipment (Note 18 to the financial statements) (cont'd)

	Land $'000	Buildings $'000	Leasehold Property $'000
FREEHOLD (cont'd)			
United States of America			
A hotel building with 124 rooms (known as Concorde Hotel New York) at 127 East, 55th Street, New York City, New York, U.S.A.	8,256	27,921	–
Total Freehold	210,713	154,997	–
LEASEHOLD			
Singapore			
A 9-storey hotel building with 407 rooms/suites (known as Concorde Hotel Singapore) at 100 Orchard Road, Singapore 238840 (lease expiring 99 years from August 17, 1979)	–	–	82,720
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	288	428	–
Indonesia			
A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran Bay) located at Bukit Permia, Jimbaran Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively)	75,567	6,566	–
A resort hotel with 60 villas (known as Four Seasons Resort Bali at Sayan) located at Sayan Village, District of Ubud, Bali, Indonesia (lease expiring 30 years from August 4, 1994 with an option to extend for another 30 years)	648	22,102	–
A holiday resort with 418 rooms (known as Hard Rock Hotel Bali) located at Kuta Village, Bali, Indonesia (lease expiring 30 years from October 31, 1996 with an option to extend for another 30 years)	2,573	37,690	–
A resort hotel with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay) located at Jimbaran Village, Bali, Indonesia (lease expiring 30 years from June 27, 1998 with an option to extend for another 30 years)	916	3,069	–

PARTICULARS OF GROUP PROPERTIES

A Classified as Group Property, Plant and Equipment (Note 18 to the financial statements) (cont'd)

	Land $'000	Buildings $'000	Leasehold Property $'000
LEASEHOLD (cont'd)			
Vanuatu			
A holiday resort (known as Holiday Inn Resort Vanuatu and Palms Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 30, 1980)	878	7,362	–
Maldives			
A resort (known as Four Seasons Resort Maldives at Kuda Huraa) located at North Male Atoll, Republic of Maldives (lease expiring 50 years from April 16, 1995)	6,168	34,750	–
A resort (known as Four Seasons Resort Maldives at Landaa Giraavaru) located at Baa Atoll, Republic of Maldives (lease expiring 50 years from December 27, 1999)	8,935	51,410	–
A resort (known as Six Senses Laamu) located at Laamu Atoll, Republic of Maldives (lease expiring 50 years from May 5, 2005)	9,826	71,245	–
A resort (known as Holiday Inn Resort Kandooma) located at South Male Atoll, Republic of Maldives (lease expiring 39 years from April 15, 2005)	–	39,317	–
An island located at Raa Atoll, Republic of Maldives (lease expiring 50 years from January 16, 2014)	4,727	–	–
An island located at Vaavu Atoll, Republic of Maldives (lease expiring 50 years from August 20, 2014)	6,552	–	–
Total Leasehold	117,078	273,939	82,720
TOTAL (Classified as Group Property, Plant and Equipment)	536,591	435,532	82,720

PARTICULARS OF GROUP PROPERTIES

B Classified as Completed Properties Held for Sale (Note 11 to the financial statements)

Property Description/Location	Title	Net Saleable Area (sqm)
Thailand		
14 condominium units at 125 South Sathorn Road, Bangkok, Thailand	Freehold	2,910
Singapore		
36 condominium units at 31 Tomlinson Road, Singapore 247855	Freehold	11,684

C Classified as Group Investment Properties (Note 19 to the financial statements)

Property Description/Location	Title
Singapore	
7 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold
Office and shop units at 50 Cuscaden Road, Singapore 249724	Freehold
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold
62 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979

STATISTICS OF SHAREHOLDINGS

as at March 23, 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	73	2.40	830	0.00
100 - 1,000	616	20.25	494,272	0.10
1,001 – 10,000	1,903	62.56	7,124,362	1.37
10,001 – 1,000,000	437	14.36	26,339,643	5.07
1,000,001 and above	13	0.43	485,471,644	93.46
Total:	3,042	100.00	519,430,751	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	RAFFLES NOMINEES (PTE) LIMITED	309,061,990	59.50
2.	OVERSEA-CHINESE BANK NOMINEES PRIVATE LIMITED	147,349,070	28.37
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	7,425,390	1.43
4.	DBS NOMINEES (PRIVATE) LIMITED	4,894,356	0.94
5.	GOLDHILL DEVELOPMENTS (PTE) LIMITED	2,950,000	0.57
6.	LEE PINEAPPLE COMPANY PTE LTD	2,750,000	0.53
7.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	2,067,000	0.40
8.	PHILLIP SECURITIES PTE LTD	1,772,086	0.34
9.	BANK OF SINGAPORE NOMINEES PTE. LTD.	1,720,752	0.33
10.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,700,100	0.33
11.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,421,100	0.27
12.	HL BANK NOMINEES (SINGAPORE) PTE LTD	1,323,800	0.25
13.	LAU ENG TIONG	1,036,000	0.20
14.	LEE SENG TEE	1,000,000	0.19
15.	HSBC (SINGAPORE) NOMINEES PTE LTD	983,600	0.19
16.	OCBC SECURITIES PRIVATE LIMITED	980,000	0.19
17.	TAN MAY LEE	939,362	0.18
18.	FU KUO CHEN DAVID	869,000	0.17
19.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	782,610	0.15
20.	CHOO MEILEEN	742,000	0.14
Total:		491,768,216	94.67

SUBSTANTIAL SHAREHOLDERS

as at March 23, 2015

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Direct/Beneficial Interest No. of Shares	%*	Deemed Interest No. of Shares	%*
68 Holdings Pte Ltd	293,368,206	56.48	–	–
Coldharbour Limited	74,568,780	14.36	–	–
Born Free Investments Limited	36,459,390	7.02	–	–
Holmshaw Services Limited	34,120,900	6.57	–	–
Ong Beng Seng	–	–	404,257,886 (1)	77.83
Cuscaden Partners Pte. Ltd.	–	–	293,368,206 (2)	56.48
Nassim Developments Pte Ltd	–	–	293,368,206 (3)	56.48
WPS Capital Pte. Ltd.	–	–	293,368,206 (3)	56.48
Wheelock Properties (Singapore) Limited	–	–	293,368,206 (3)	56.48
Star Attraction Limited	–	–	293,368,206 (3)	56.48
Wheelock Investments Limited	–	–	293,368,206 (3)	56.48
Wheelock and Company Limited	–	–	293,368,206 (3)	56.48
Peter Fu Chong Cheng	–	–	147,349,070 (4)	28.37
Christina Ong nee Christina Fu	–	–	110,889,680 (5)	21.35
Dr Juanita Fu Su Ying	–	–	110,889,680 (6)	21.35
David Fu Kuo Chen	869,000	0.17	110,889,680 (7)	21.35
Vistra Trust (Singapore) Pte Limited	–	–	74,568,780 (8)	14.36
Kuo Investments Limited	–	–	34,120,900 (9)	6.57

Notes:

(1) Mr. Ong Beng Seng is deemed to have an interest in the shares of 68 Holdings Pte Ltd, Holmshaw Services Limited and the shares held by his spouse through Coldharbour Limited and Jermaine Limited.

(2) Cuscaden Partners Pte Ltd is deemed to have an interest in the shares of 68 Holdings Pte Ltd.

(3) Nassim Developments Pte Ltd, Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Investments Limited, Wheelock and Company Limited are deemed to have an interest in the 293,368,206 shares held by 68 Holdings Pte Ltd.

(4) Mr. Peter Fu Chong Cheng is deemed to have an interest in the shares of Born Free Investments Limited, Holmshaw Services Limited, Coldharbour Limited and Jermaine Limited.

(5) Mrs. Christina Ong nee Christina Fu is deemed to have an interest in the shares of Coldharbour Limited, Holmshaw Services Limited and Jermaine Limited.

(6) Dr. Juanita Fu Su Ying is deemed to have an interest in the shares of Coldharbour Limited, Holmshaw Services Limited and Jermaine Limited.

(7) Mr. David Fu Kuo Chen is deemed to have an interest in the shares of Coldharbour Limited, Holmshaw Services Limited and Jermaine Limited.

(8) Vistra Trust (Singapore) Pte Limited is deemed to have an interest in the shares of Coldharbour Limited.

(9) Kuo Investments Limited is deemed to have an interest in the 34,120,900 shares held by Holmshaw Services Limited.

* Based on 519,430,751 ordinary shares as at March 23, 2015.

Approximately 13.7% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fifth Annual General Meeting of Hotel Properties Limited (the "Company") will be held at Ballroom 1, level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Wednesday, April 29, 2015 at 4.00 p.m. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended December 31, 2014 and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final one-tier tax-exempt dividend of 4 cents per ordinary share and a special dividend of 6 cents per ordinary share for the year ended December 31, 2014. **Resolution 2**

3. To approve the proposed Directors' fees of $693,000 for the year ended December 31, 2014 (2013: $629,667). **Resolution 3**

4. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

5. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr. Michael S. Dobbs-Higginson be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. [See Explanatory Note (a)] **Resolution 5**

6. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr. Leslie Mah Kim Loong be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. [See Explanatory Note (b)] **Resolution 6**

7. To re-elect Mr. Arthur Tan Keng Hock pursuant to Article 80 of the Articles of Association. [See Explanatory Note (c)] **Resolution 7**

8. To re-elect Mr. William Fu Wei Cheng pursuant to Article 80 of the Articles of Association. **Resolution 8**

9. To re-elect Mr. Stephen Ng Tin Hoi pursuant to Article 70 of the Articles of Association. **Resolution 9**

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

    Share Issue Mandate **Resolution 10**

    That pursuant to Section 161 of the Companies Act, Cap 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to:-

    (A) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue or consolidation or subdivision of shares.

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

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 12, 2015 to May 13, 2015 (both dates inclusive), for the preparation of dividend warrants for the proposed first and final one-tier tax-exempt dividend of 4 cents per ordinary share and a special dividend of 6 cents per ordinary share for the year ended December 31, 2014 (the "Proposed Dividends").

Duly completed transfers received by the Company's Registrar Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to the close of business at 5.00 p.m. on May 11, 2015 will be registered to determine shareholders' entitlement to the Proposed Dividends. The Proposed Dividends, if approved, will be paid on May 25, 2015 to shareholders registered in the books of the Company on May 11, 2015.

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

By Order of the Board

Chuang Sheue Ling/Lo Swee Oi
Company Secretaries
April 14, 2015
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business to be transacted:-

(a) Mr. Michael S. Dobbs-Higginson, a non-executive Independent Director who is over seventy years of age, if re-appointed, will remain as Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(b) Mr. Leslie Mah Kim Loong, a non-executive Independent Director who is over seventy years of age, if re-appointed, will remain as Chairman of the Nominating Committee and the Audit Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(c) Mr. Arthur Tan Keng Hock, a non-executive Independent Director, if re-elected, will remain as a member of the Audit Committee and Remuneration Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

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

Notes:

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

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

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

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

ANNUAL GENERAL MEETING

HOTEL PROPERTIES LIMITED
(Incorporated in Singapore)
Company Reg No : 198000348Z

IMPORTANT

1. For investors who have used their CPF monies to buy Hotel Properties Limited's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the time frame specified. (Agent Banks: Please see Note 8 on required format). Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We_______________________________(Name)_______________________________

(NRIC/Passport/Company Registration No.) of _______________________________

_______________________________(Address) being a member/members of

HOTEL PROPERTIES LIMITED hereby appoint:-

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

and/or (delete as appropriate)

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

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Thirty-Fifth Annual General Meeting of the Company to be held at Ballroom 1, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Wednesday, April 29, 2015 at 4.00 p.m. and at any adjournment thereof.

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

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Reports and Audited Financial Statements		
2.	Declaration of a First and Final Dividend and a Special Dividend		
3.	Approval of Directors' Fees		
4.	Re-appointment of Auditors		
5.	Re-appointment of Director (Mr. Michael S. Dobbs-Higginson)		
6.	Re-appointment of Director (Mr. Leslie Mah Kim Loong)		
7.	Re-election of Director (Mr. Arthur Tan Keng Hock)		
8.	Re-election of Director (Mr. William Fu Wei Cheng)		
9.	Re-election of Director (Mr. Stephen Ng Tin Hoi)		
10.	Authority to issue shares pursuant to Share Issue Mandate		

Dated this ____________ day of ______________________ 2015

Total No. of Shares Held	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

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

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

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

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

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

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

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

8. Agent Banks acting on the request of CPF Investors who wish to attend the Meeting as observers are requested to submit in writing, a list of details of the Investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for the Meeting.

GENERAL

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated April 14, 2015.

HOTEL
PROPERTIES
LIMITED

50 Cuscaden Road #08-01
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www.hotelprop.com
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