



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statements and Dividend Announcement

1(a)(i) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Revenue	579,541	614,644
Cost of sales	(417,809)	(417,099)
Gross profit	161,732	197,545
Other operating income	22,257	26,723
Administrative expenses	(67,524)	(69,846)
Other operating expenses	(1,842)	(1,106)
Finance costs	(34,907)	(32,001)
Share of results of associates and jointly controlled entities	36,225	32,990
Profit before income tax and fair value changes in investment properties	115,941	154,305
Fair value gain on investment properties	-	5,686
Profit before income tax	115,941	159,991
Income tax expense	(25,210)	(25,180)
Profit after income tax	90,731	134,811
Attributable to:		
Shareholders of the Company	81,666	124,395
Non-controlling interests	9,065	10,416
	90,731	134,811

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

	GROUP	
	\$'000	
	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Investment income*	1,493	118
Other income including interest income*	5,683	1,490
Depreciation and amortisation	(51,764)	(49,235)
Write-back of (Allowance for) doubtful trade receivables*	32	(45)
Fair value gain in held-for-trading investments*	1,017	549
Foreign exchange gain (loss)*	2,669	(117)
Adjustment for under provision of tax in respect of prior years	(2,964)	(2,324)
Write-back of impairment of available-for-sale investments*	29	500
Write-back of impairment of advances to a jointly controlled entity*	-	9,057
Gain on disposal of associates*	10,956	13,246
Gain on disposal of a subsidiary*	-	1,642
Gain on disposal of property, plant and equipment*	341	121

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Profit after income tax	90,731	134,811
Other comprehensive income (net of tax):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation	(146)	(229)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	5,381	18,719
(Decrease) Increase in other capital reserve	(2,250)	44
Share of other comprehensive income of associates and jointly controlled entities	(9,574)	(1,385)
	(6,443)	17,378
Other comprehensive (loss) income for the year, net of tax	(6,589)	17,149
Total comprehensive income	84,142	151,960
Attributable to:		
Shareholders of the Company	75,134	141,221
Non-controlling interests	9,008	10,739
	84,142	151,960

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
ASSETS				
Current assets:				
Cash and bank balances	158,827	136,602	84,453	37,515
Held-for-trading investments	-	9,495	-	-
Trade and other receivables	57,152	61,217	2,542	3,170
Amount due from associates and jointly controlled entities ⁽¹⁾	199,625	37,307	5,751	6,231
Amount due from subsidiaries	-	-	889,486	828,453
Inventories	9,131	10,058	239	249
Completed properties held for sale	207,936	261,591	-	-
Total current assets	632,671	516,270	982,471	875,618
Non-current assets:				
Associates and jointly controlled entities ⁽¹⁾	585,589	842,386	-	-
Subsidiaries	-	-	454,781	625,873
Available-for-sale investments	66,540	8,096	-	-
Property, plant and equipment	1,195,059	1,165,168	229,620	229,133
Investment properties	688,698	688,698	-	-
Deferred tax assets	3,723	4,298	-	-
Intangible assets	6,185	6,329	-	-
Total non-current assets	2,545,794	2,714,975	684,401	855,006
Total assets	3,178,465	3,231,245	1,666,872	1,730,624
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	231,585	261,464	99,983	89,958
Trade and other payables	120,575	130,560	19,178	29,974
Amount due to subsidiaries	-	-	44,467	44,456
Income tax payable	11,337	28,089	68	6
Total current liabilities	363,497	420,113	163,696	164,394
Non-current liabilities:				
Advances from subsidiaries	-	-	22,094	20,454
Derivative financial instruments ⁽²⁾	4,530	-	4,530	-
Long-term borrowings	847,003	875,685	430,265	496,863
Deferred tax liabilities	14,151	13,947	1,016	1,054
Total non-current liabilities	865,684	889,632	457,905	518,371
Share capital and reserves:				
Share capital	717,895	715,415	717,895	715,415
Reserves	1,006,144	986,674	179,029	184,097
Equity attributable to shareholders of the Company	1,724,039	1,702,089	896,924	899,512
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,872,386	1,850,436	1,045,271	1,047,859
Non-controlling interests	76,898	71,064	-	-
Total equity	1,949,284	1,921,500	1,045,271	1,047,859
Total liabilities and equity	3,178,465	3,231,245	1,666,872	1,730,624

Note:

(1) Associates and jointly controlled entities decreased mainly due to repayment from certain associates and reclassification of advances due within 12 months to Amount due from associates and jointly controlled entities.

(2) The Group entered into cross currency swaps during the year to manage its exposure to exchange rate movements on its investments. This represents the estimated fair value of the swaps as at Dec 31, 2015.

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

As at Dec 31, 2015		As at Dec 31, 2014	
Secured	Unsecured	Secured	Unsecured
\$131,602,000	\$99,983,000	\$171,506,000	89,958,000

Amount repayable after one year

As at Dec 31, 2015		As at Dec 31, 2014	
Secured	Unsecured	Secured	Unsecured
\$432,799,000	\$414,204,000	\$476,484,000	\$399,201,000

Details of any collateral

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

1(c) Consolidated Statement of Cash Flows

	Year ended Dec 31, 2015 \$'000	Year ended Dec 31, 2014 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	79,716	127,001
Adjustments for:		
Amortisation of intangible assets	330	317
Depreciation expense	51,434	48,918
Share-based payment expense	7,167	2,783
Write-back of impairment of available-for-sale investments	(29)	(500)
Write-back of impairment of advances to a jointly controlled entity	-	(9,057)
Fair value gain in investment properties	-	(5,686)
Gain on disposal of a subsidiary	-	(1,642)
Gain on disposal of property, plant and equipment	(341)	(121)
Gain on disposal of associates	(10,956)	(13,246)
Finance costs	34,907	32,001
Interest income	(1,566)	(880)
Dividend income	(1,493)	(118)
Profit before working capital changes	159,169	179,770
Trade and other payables	(13,000)	11,947
Completed properties held for sale	53,382	29,179
Development properties and expenditure	-	(65,457)
Receivables and prepayments	5,359	154,291
Held-for-trading investments	9,495	(6,355)
Inventories	1,374	(1,084)
Cash generated from operations	215,779	302,291
Dividend received	1,493	118
Income tax paid	(41,571)	(20,818)
Net cash from operating activities	175,701	281,591
Cash flows from (used in) investing activities:		
Acquisition of additional interest in a jointly controlled entity	-	(2,438)
Additional property, plant and equipment	(60,894)	(148,810)
Additional available-for-sale investment	(59,165)	-
Additional intangible asset	(207)	-
Net repayment from (investment in) associates and jointly controlled entities	111,888	(128,375)
Proceeds from disposal of a subsidiary	-	1,817
Proceeds from disposal of associates	29,676	15,000
Proceeds from disposal of property, plant and equipment	1,366	952
Cash from (used in) investing activities	22,664	(261,854)

1(c) Consolidated Statement of Cash Flows (cont'd)

	Year ended Dec 31, 2015 \$'000	Year ended Dec 31, 2014 \$'000
Cash flows (used in) from financing activities:		
Interest received	1,566	880
Finance costs paid	(33,836)	(33,023)
Dividend paid	(51,963)	(41,386)
Distribution to perpetual capital securities holders	(9,188)	(9,188)
Non-controlling shareholders	(5,030)	(8,632)
Additional borrowings	255,080	236,938
Repayment of borrowings	(336,688)	(163,207)
Decrease in deposits under pledge to bank	5	4
Proceeds from issue of shares	800	18,748
Cash (used in) from financing activities	(179,254)	1,134
Net increase in cash and cash equivalents	19,111	20,871
Cash and cash equivalents at beginning of year	133,103	111,978
Effect of exchange rate changes on cash balances held in foreign currencies	2,893	254
Cash and cash equivalents at end of year	155,107	133,103

Cash and cash equivalents at end of year

The cash and cash equivalents as at Dec 31, 2015, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,720,000.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP								
Balance as at Jan 1, 2014	687,832	813,572	88,507	1,589,911	148,347	1,738,258	63,993	1,802,251
Total comprehensive income 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
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	2,783	2,783	-	2,783	-	2,783
Dividends	-	(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 Dec 31, 2014	715,415	887,165	99,509	1,702,089	148,347	1,850,436	71,064	1,921,500
Total comprehensive income for the year								
Profit for the year	-	81,666	-	81,666	-	81,666	9,065	90,731
Other comprehensive loss for the year	-	(138)	(6,394)	(6,532)	-	(6,532)	(57)	(6,589)
Total	-	81,528	(6,394)	75,134	-	75,134	9,008	84,142
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	7,167	7,167	-	7,167	-	7,167
Dividends	-	(51,963)	-	(51,963)	-	(51,963)	-	(51,963)
Net movement during the year	-	-	-	-	-	-	(3,174)	(3,174)
Issue of shares	2,480	-	(1,680)	800	-	800	-	800
Total	2,480	(51,963)	5,487	(43,996)	-	(43,996)	(3,174)	(47,170)
Distribution to perpetual capital securities holders	-	(9,188)	-	(9,188)	-	(9,188)	-	(9,188)
Balance as at Dec 31, 2015	717,895	907,542	98,602	1,724,039	148,347	1,872,386	76,898	1,949,284

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

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

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
COMPANY						
Balance as at Jan 1, 2014	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
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	2,783	2,783	-	2,783
Dividends	-	(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 Dec 31, 2014	715,415	71,015	113,082	899,512	148,347	1,047,859
Total comprehensive income for the year						
Profit for the year	-	52,096	-	52,096	-	52,096
Other comprehensive loss for the year	-	-	(1,500)	(1,500)	-	(1,500)
Total	-	52,096	(1,500)	50,596	-	50,596
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	7,167	7,167	-	7,167
Dividends	-	(51,963)	-	(51,963)	-	(51,963)
Issue of shares	2,480	-	(1,680)	800	-	800
Total	2,480	(51,963)	5,487	(43,996)	-	(43,996)
Distribution to perpetual capital securities holders	-	(9,188)	-	(9,188)	-	(9,188)
Balance as at Dec 31, 2015	717,895	61,960	117,069	896,924	148,347	1,045,271

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

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

The Company did not issue any new share since the end of the previous period reported on.

As at Dec 31, 2015, the number of outstanding share options under the Company's Share Option Schemes was 10,645,000 (as at Dec 31, 2014: 4,820,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,759,500 (as at Dec 31, 2014: Nil).

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

	Dec 31, 2015	Dec 31, 2014
Total number of issued shares excluding treasury shares	519,630,751	519,078,851

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

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

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

Not applicable.

4. Changes in Accounting Policies

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements except as explained in paragraph 5 below.

5. Reasons for and Effect of Changes in Accounting Policies

The Group has adopted all relevant revised Singapore Financial Reporting Standards ("FRS") and amendments that are mandatory for financial years beginning on or after January 1, 2015. The adoption of these revised FRSs and amendments has no significant impact to the Group.

6. Earnings Per Ordinary Share

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Based on the weighted average number of ordinary shares in issue	13.95 cents	22.34 cents
On a fully diluted basis	13.91 cents	22.29 cents

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

7. Net Asset Value

	Dec 31, 2015	Dec 31, 2014
GROUP	\$3.32	\$3.28
COMPANY	\$1.73	\$1.73

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

8. Review of Performance

For the year ended December 31, 2015, the Group recorded a Revenue of \$579.5 million compared to \$614.6 million last year. Contribution from the properties division was lower as the Tomlinson Heights condominium development was completed in March 2014. The Group also sold less units in The Met condominium in Bangkok during the year under review as compared to the prior year. Contribution from the Singapore hotels was affected by strong competition with reduced consumer spending and lower corporate travel demand. Ongoing refurbishment works at Four Seasons Resort Bali at Jimbaran Bay has affected its performance and the Holiday Inn at Vanuatu was also closed for repair since the cyclone in March 2015.

The Group's share of results of associates and jointly controlled entities increased from \$33 million to \$36.2 million mainly due to gain on disposal of certain properties in Shanghai by an associate.

During the year, the Group received net repayment of \$111.9 million from associates, mainly from collections from purchasers of d'Leedon and The Interlace condominium developments in Singapore, resulting in a reduction in Group borrowings and higher bank balances.

Group profit before income tax and fair value changes in investment properties for the year ended December 31, 2015, was \$115.9 million compared to \$154.3 million last year. After adjusting for fair value changes, income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2015, was \$81.7 million compared to \$124.4 million last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

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

The Group's hotels and resorts business will continue to face challenges such as stiff competitions, uncertainties in global economic environment as well as political and environmental conditions of the countries the Group operates in. Nevertheless, with the hotels and resorts operating under strong hospitality brand names and in diversified locations, the Group is expected to remain resilient amidst the challenges.

While there is no sign of recovery in the Singapore residential property market, the Group has successfully launched 2 residential projects in London, namely, Burlington Gate and Holland Park Villas. Income from these overseas development projects will be recorded upon completion.

11. Dividend**(a) Current Financial Period Reported On**

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 4 cents per ordinary share, in respect of the current financial year reported on. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company declared a 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 in respect of the immediately preceding financial year.

(c) Date payable

Will be announced at a later date.

(d) Books closure date

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

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

Not applicable.

13. Interested Person Transactions ("IPT")

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

Name of Interested Person	Aggregate value of all IPT during the financial year ended Dec 31, 2015 (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below \$100,000) \$'000
Associates* of Mr Ong Beng Seng / Mr David Fu Kuo Chen		
- Rental income	9,682	-
- Management fee income	1,216	-
- Management fee expense	857	-
- Equity contribution	5,178	-

Note:

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

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

14. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2015

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	479,363	100,172	6		579,541
Inter-segment sales		413		(413)	-
Total revenue	479,363	100,585	6	(413)	579,541
RESULTS					
Earnings before interest and tax	78,895	30,761	3,401		113,057
Finance costs					(34,907)
Interest income					1,566
Share of results of associates and jointly controlled entities	2,646	33,250	329		36,225
Profit before income tax					115,941
Income tax expense					(25,210)
Non-controlling interests					(9,065)
Profit attributable to shareholders of the Company					81,666

Year ended December 31, 2014

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	498,038	116,600	6		614,644
Inter-segment sales		410		(410)	-
Total revenue	498,038	117,010	6	(410)	614,644
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	102,677	35,502	14,257		152,436
Finance costs					(32,001)
Interest income					880
Share of results of associates and jointly controlled entities	(4,012)	35,819	1,183		32,990
Profit before fair value changes					154,305
Fair value changes in investment properties		5,686			5,686
Profit before income tax					159,991
Income tax expense					(25,180)
Non-controlling interests					(10,416)
Profit attributable to shareholders of the Company					124,395

15. Review of Performance by Business Segments

Please refer to item 8 above.

16. Breakdown of Sales and Operating Profit

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group	% increase/(decrease) Group
(a) Sales reported for first half year	322,655	336,502	(4.11)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	32,421	59,145	(45.18)
(c) Sales reported for second half year	256,886	278,142	(7.64)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	58,310	75,666	(22.94)

17. Breakdown of Total Annual Dividend

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	41,570	51,963
Preference	-	-
Total:	41,570	51,963

The dividend amounts for the latest full year are estimated based on the number of issued shares as at December 31, 2015. The actual dividend payment can only be determined on books closure date.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual

There are currently no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

19. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
February 26, 2016