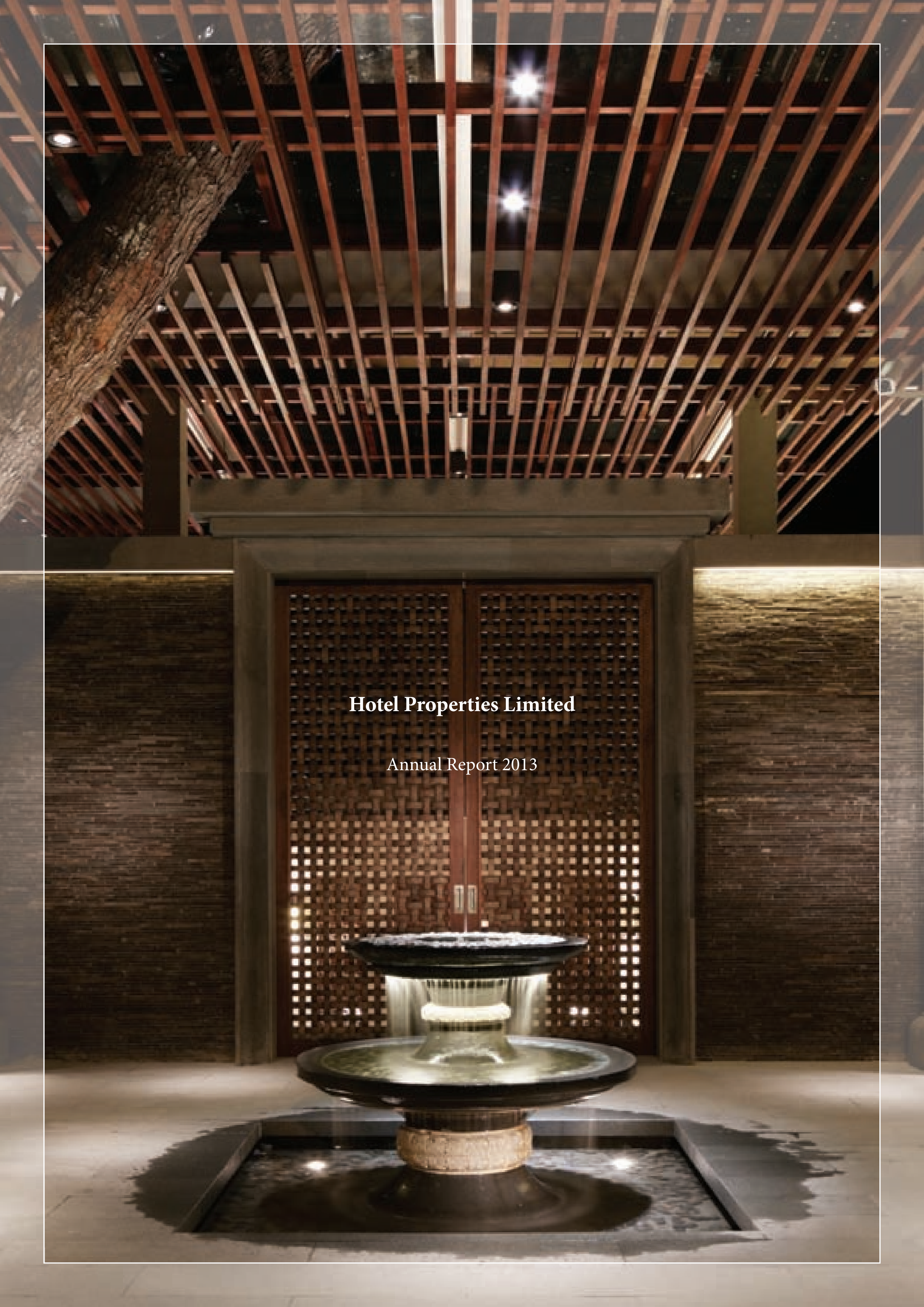


Hotel Properties Limited

Annual Report 2013

For the year ended December 31, 2013, the Group achieved record profit before tax and fair value changes in investment properties of $189.5 million compared to $132 million last year.

Arthur Tan Keng Hock
Chairman

Cover: Four Seasons Resort Bali at Jimbaran Bay

Contents

Four Seasons Resort Bali at Jimbaran Bay

Chairman's Statement

FINANCIAL REVIEW

For the year ended December 31, 2013, the Group achieved a revenue of $692 million, which is 27.5% higher than the $542.8 million recorded in the previous year. The increase was mainly attributable to income recognition from the Tomlinson Heights condominium development on a percentage of completion basis as well as better performances by the Group's hotels and resorts, especially those in the Maldives.

During the year under review, the Group continues to equity account for profits from d'Leedon condominium development at Farrer Road, Singapore, and The Interlace condominium development at Alexandra Road, Singapore. There was also a gain on disposal of investment properties at Kensington Square, London. These contributed to the Group's share of results of associates and jointly controlled entities, which has increased from $52.6 million last year to $61.6 million for the year ended December 31, 2013.

For the year ended December 31, 2013, the Group achieved record profit before tax and fair value changes in investment properties of $189.5 million compared to $132 million last year.

After adjusting for fair value gain on investment properties of $23.3 million (2012: $27.6 million), income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2013 was $177.6 million compared to $129.8 million last year.

RECENT DEVELOPMENTS

During the year, the Group acquired the remaining 15% equity interest in Concorde Hotel Singapore and 61 shop units at Concorde Shopping Mall and also made investments in new associates and joint ventures, including properties at Campden Hill and Fenchurch Street, London, and another property in Midtown Manhattan, New York. The Group's net borrowings has nevertheless not increased significantly due to cash inflow from The Interlace condominium development which had obtained temporary occupation permit in September 2013 and proceeds from sale of associates which hold investment properties in London.

HOTELS

The Hotel Division continues to witness strong earnings in 2013 and at the beginning of 2014, it welcomed its latest addition in Maldives - Six Senses Laamu.

Set in a lagoon where dolphins swim along the sandy shoreline, Six Senses Laamu is the only resort in the Laamu Atoll, deep in the Indian Ocean, allowing discerning guests a truly private retreat. The luxury resort consists of both on-land and overwater villas intricately constructed to allow panoramic views of the pristine Maldivian seas and includes private beach access and private gardens.

In Bali, Four Seasons Resort Bali at Jimbaran Bay unveiled a new beachfront restaurant - Sundara, which immediately positioned itself as one of Bali's top dining destinations. Sundara is the Sanskrit word for "beautiful" and pays tribute to the glowing sun that warms this Indian Ocean hotspot.

PROPERTIES

The Interlace condominium, a joint venture project with CapitaLand, welcomed its first dwellers in the last quarter of 2013.

Designed by the iconic Ole Scheeren and awarded the National Parks Board's inaugural Landscape Excellence Assessment Framework (Leaf) certificate in recognition for its role in helping keep Singapore green in a built-up environment, the luxury condominium is positioned as one of the largest and most ambitious residential developments in Singapore, representing a radically new approach to contemporary living in a tropical environment.

During the year under review, the Group acquired equity interest in various overseas properties and heading the list of acquisitions is a 1.98 acres, freehold prime development site located on Campden Hill, London, United Kingdom which is currently envisaged to be developed to comprise 72 private apartments.

The other London acquisition is Dixon House, a freehold property located at the corner of Fenchurch Street and Lloyds Avenue in London's insurance district with a total leasable space of close to 38,000 square feet.

In New York, the United States of America, the Property Division acquired an interest in a property located at 425 Park Avenue, Midtown Manhattan. The property has a gross building area of approximately 567,000 square feet and will be redeveloped together with other co-investors.

PROSPECTS

The hotel and resort division is expected to continue to contribute strongly to the Group's operating results amidst an improving global economic outlook, although challenges remain from rising wage costs and increased competition.

On the property front, with the various property cooling measures introduced by the Singapore Government including the latest Total Debt Servicing Ratio in place, the Singapore residential property market sentiment is expected to remain subdued.

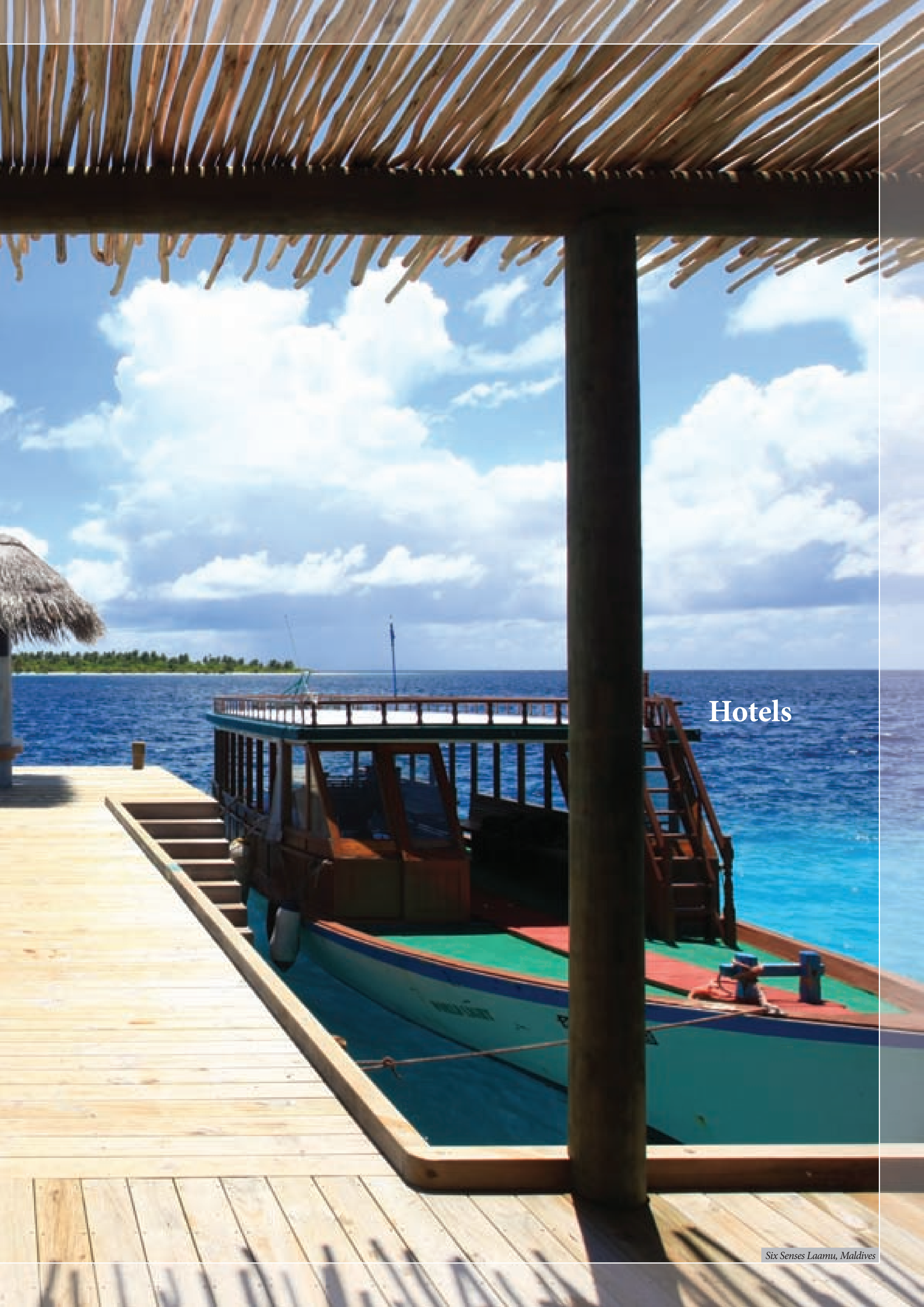
DIVIDEND

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 4 cents per ordinary share for the year ended December 31, 2013.

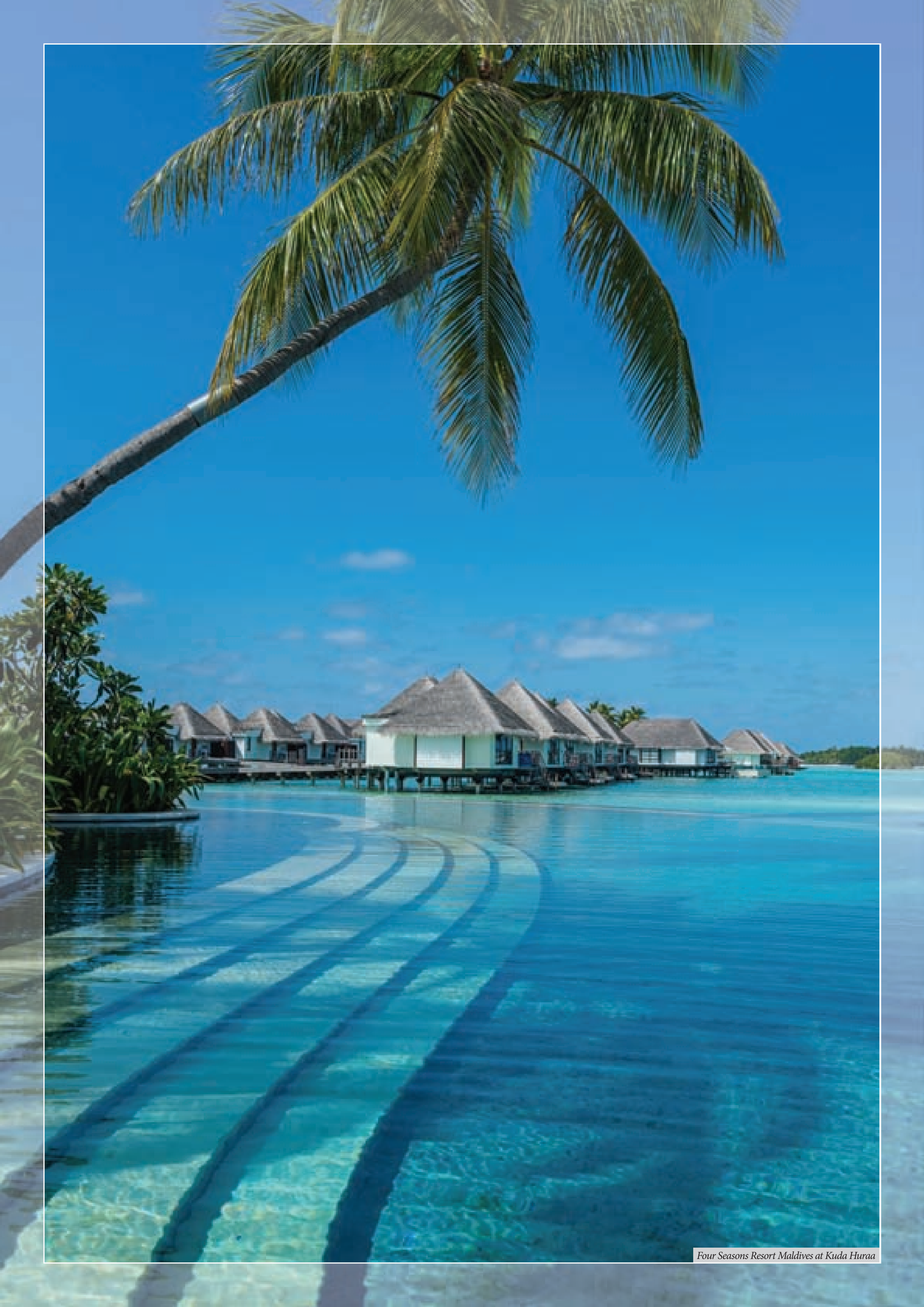
On behalf of the Board, I would like to extend our appreciation to our shareholders, customers, bankers, business associates and staff for their invaluable support and contribution throughout the year.

Arthur Tan Keng Hock
Chairman
March 25, 2014

Hotels



Six Senses Laamu, Maldives



Four Seasons Resort Maldives at Kuda Huraa


Four Seasons Resort Maldives at Kuda Huraa

Business Review

HOTELS

The Hotel Division continued to do well globally, with our properties picking up a total of 12 TripAdvisor Travellers' Choice Awards this year.

Our Malaysian hotels fared well as a result of the country's aggressive promotion globally as a choice destination, with Casa del Mar in Langkawi earning the top spot of Best Hotel in Malaysia.

Our Hard Rock properties in Bali and Penang were recognised as one of the Top 25 Hotels for Families in Indonesia and Malaysia respectively.

Gili Lankanfushi in Maldives was awarded one of the top 10 luxurious hotels in the world by TripAdvisor in their Travellers' Choice Awards in 2014. The resort also won the Indian Ocean Leading Luxury Resort, Indian Ocean Leading Spa Resort and Maldives Leading Luxury Resort at the prestigious World Travel Awards in 2013.

Set on the private island of Lankanfushi in the North Malé Atoll, the resort is just a 20-minute speedboat ride from the International Airport at Malé, the capital of the Republic of Maldives.

The Hotel Division's other four properties in Maldives include Holiday Inn Resort Kandooma, Rihiveli Beach Resort, Four Seasons Resort Maldives at Kuda Huraa, and Four Seasons Resort Maldives at Landaa Giraavaru.


Four Seasons Resort Maldives at Landaa Giraavaru


Gili Lankanfushi Maldives


Six Senses Laamu, Maldives

The Four Seasons Resort Maldives at Landaa Giraavaru recently unveiled a new über luxe three-bedroom Estate, featuring a private 80-metre beach, two pools, a stargazing lounge, vast al fresco living space and 24-hour butler service. Located on the southeasterly edge of the island, the two-storey Estate accommodates families or groups of six adults and up to five children comfortably in its private grounds – the biggest and most impressive on the island to date.

For the ultimate experience, discerning guests of the resort can board the Four Seasons Explorer, a 39-metre three-deck catamaran, to travel to our other Maldivian Four Seasons resort at Kuda Huraa. The resort recently witnessed the birth of 104 green turtle hatchlings at its private Sunrise Beach. These were the first wild turtles to be born on the island in 15 years – a testament to the resort's commitment to the Maldivian Sea Turtle Conservation Program.

Over in Shanghai, Four Seasons Hotel Pudong has been voted one of China's Best New Hotels by Travel + Leisure, despite only being in its first year of operation. Located in Shanghai's booming Lujiazui financial district and offering panoramic views of the city, the 187-room hotel's decor is inspired by the city's iconic art deco architecture.

The Hotel Division's winning streak continued in Europe, where the Mandarin Oriental in Prague was awarded Condé Nast Traveler Gold List's Best Hotel in the Czech Republic. Having made the Gold List for five consecutive years, the luxury hotel also qualified to earn the Condé Nast Traveler Platinum Circle status.

Once a monastery, the 99-room luxury hotel is a wonderfully preserved piece of history combining beautiful contemporary design with period architecture. Located along the Vltava River, the hotel is nestled in the quiet cobbled streets of picturesque Malá Strana, yet close to many of Prague's major attractions such as Prague Castle and the 14th century Charles Bridge.

Also on the Condé Nast Traveler's Gold List is the Four Seasons Resort Bali at Sayan. Hidden in a lush highland paradise beside the Ayung River, the resort is minutes away from the artistic capital of Ubud.

Its sister Four Seasons property in Bali's Jimbaran Bay also benefitted from strong tourist arrivals to the island. Its new beachfront restaurant, Sundara has already positioned itself as one of Bali's top dining destinations.

Four Seasons Resort Bali at Sayan

Designed by Koichi Yasuhiro from Tokyo's renowned design studio SPIN, the restaurant's exquisite décor combines unique Balinese architecture with an ambience of relaxed luxury.

Our other island property, Point Yamu by COMO in Phuket, Thailand, opened its doors in 2013. Located at the tip of Cape Yamu and designed by renowned Paola Navone from Italy, the resort overlooks the pristine turquoise waters of the Andaman Sea and the dramatic limestones of Phang Nga Bay.

Another new addition to the Hotel Division family is the Four Seasons Safari Lodge Serengeti. Located in the Serengeti National Park of Tanzania, a UNESCO World Heritage Site, the lodge offers spectacular views of the surrounding park and wildlife. The 77-room lodge also comes complete with an outdoor infinity pool, overlooking an active watering hole for wild animals.

Over in South Africa, the iconic Westcliff hotel in Johannesburg is currently undergoing a year-long renovation. Famous for discreetly housing many international celebrities, the refurbishment will encompass new rooms and the addition of a hypermodern spa and gym. The hotel façade will change from a flamboyant pink to an elegant grayish-brown.

In Singapore, the Four Seasons, Hilton Hotel and Concorde Singapore continue to contribute significantly to the Group's earnings as Singapore continues to be an attractive hub for tourists and business travellers.

The Hotel Division continues to be focused on anticipating and meeting the ever-changing demands of its discerning guests. We are confident that the Division will continue to contribute strongly to the Group in 2014.

Properties

Tomlinson Heights, Singapore

Tomlinson Heights, Singapore


The Met, Bangkok, Thailand

Business Review

PROPERTIES

The Property Division has successfully established a distinctive track record in the high-end residential property market and is renowned for developing high quality and luxurious residential developments in prime locations. Some stellar examples of such luxury residential developments include The Met condominium in Bangkok, Robertson Blue, Cuscaden Residences, Nassim Jade, Scotts 28, Four Seasons Park and the currently still in the process of development – Tomlinson Heights in Singapore.

Tomlinson Heights is an up-market freehold residential development in prime district 10 in Singapore. Nestled within close proximity to Orchard Road and top educational institutions, the luxury condominium is a desirable choice for privileged buyers seeking a high-end residence with the conveniences of city living.

With its sleek, curvilinear architecture and facade, future dwellers will get to enjoy the beauty of the surrounding cityscape which stretches from Orchard Road to Botanic Gardens, all in the privacy of their living room.

The Interlace, a joint venture residential project with CapitaLand, welcomed its first dwellers in the last quarter of 2013.

Touted as one of the largest and most ambitious residential developments in Singapore, the iconic Ole Scheeren designed luxury condominium presents a radically new approach to contemporary living in a tropical environment.

Artist's Impression: Property on 30 Old Burlington Street, London, United Kingdom

The Interlace adopts a new residential typology which breaks away from the standard isolated, vertical apartment towers of Singapore. Thirty-one blocks, each standing at six-storeys tall and identical in length, are stacked in a hexagonal arrangement to form eight large open and permeable courtyards. The stacked formation allows light and air to flow through the architecture and surrounding lush and green landscape, covering over 170,000 square metre of gross floor area and consisting of 1,040 apartment units.

The Interlace's landscaping takes up eight-hectares and includes extensive roof gardens blooming with tropical flora, landscaped sky terraces, cascading balconies and lush green areas. Private balconies give apartments large outdoor space and personal planting areas while cascading gardens spill over the facades of the building, drawing a visual connection between the elevated green refuges and expansive tropical landscape on the ground. The Interlace's architectural design also incorporates sustainability features through careful environmental analysis of sun, wind and micro-climate conditions on site and the integration of low-impact passive energy strategies. Ample-sized water bodies have been strategically placed within wind corridors as a means of allowing evaporative cooling to happen along the wind paths, reducing local air temperatures and improving thermal comfort in outdoor recreation space.


The Interlace, Singapore


Artist's Impression: D'Leedon, Singapore

Testament to its dedication towards greenery, The Interlace was awarded the National Parks Board's inaugural Landscape Excellence Assessment Framework (Leaf) certificate in recognition for its role in helping keep Singapore green in built-up environments.

The Property Division's other ongoing Singapore development is d'Leedon, a joint venture project with CapitaLand.

Designed by internationally-renowned architect Zaha Hadid, the distinctive 36-storey, district 10 condominium is renowned for its petering vertical silhouette. Conveniently located near Farrer Road MRT Station and choice schools, the luxury condominium is in close proximity to Holland Village, a haven for chic F&B outlets and access to Orchard Road is a mere 5 minutes' drive.

The absence of high-rise buildings in the near surroundings affords unobstructed sightlines of Bukit Timah Hill, Botanic Gardens, MacRitchie Reservoir and the Orchard Road city skyline, making it a prestigious and highly visible site across the city.

In Bangkok, Thailand, our condominium The Met continues to uphold its reputation as one of the most prestigious condominiums in Thailand which has won the most awards for its design. Some of the prestigious awards won by the luxury condominium include 'World's Best Housing Development' at the World Architecture Festival Awards and 'Design of the Year' from President's Design Award Singapore.


Artist's Impression: Property on Campden Hill, London, United Kingdom


Dixon House, London, United Kingdom

In 2013, the Property Division made various acquisitions and disposed of its interest in the iconic landmark Derry and Toms Building in London – a mixed-use development at 99-121 Kensington High Street, an office building at Derry Street and a residential building at Kensington Square.

Heading the list of acquisitions through the form of acquired interest in various limited partnerships is a freehold prime development site located on Campden Hill, London, United Kingdom. The 1.98 acres property is located to the north of Kensington High Street, an upmarket shopping street in Central London. Situated in a residential district in London, the property overlooks the well-known Holland Park.

It is currently envisaged that the site will be developed to comprise of 72 private apartments (total net floor area of close to 175,000 square feet) with a car park and other amenities.

Located in London's insurance district and on the corner of Fenchurch Street and Lloyds Avenue is Dixon House, a freehold property with a total leasable space of close to 38,000 square feet, which is the second London property that the Property Division acquired during the year through its interest in a limited partnership.

These acquisitions will help boost the Division's current property portfolio in London.

Planning permission has also been secured to develop the existing office building on 30 Old Burlington Street in to 42 private apartments and 5 gallery/retail units (total net floor area of 85,500 square feet) with 50 basement car parking spaces and other amenities.

Artist's Impression: Property on 425 Park Avenue, Midtown Manhattan, United States of America

30 Old Burlington Street is a 0.35 acre prime freehold development site located in Mayfair, London, United Kingdom, with dual frontage to Cork Street and Old Burlington Street and is located one street to the West of New Bond Street, London's most famous and prestigious retail street.

The Property Division also has interest in a limited partnership which owns a site at Whitechapel, a freehold interest in an income producing mixed-use 4.5 acre city block in east London near the forthcoming Whitechapel Crossrail station. The project is currently being managed to maximise income with the potential for planning and redevelopment at some point in the future.

In New York, the United States of America, the Property Division acquired interest in a limited partnership which holds an interest in certain ground lease expiring July 2090 on the property located on 425 Park Avenue, in Midtown Manhattan. The property is approximately 567,000 square feet of gross building area and will be redeveloped together with other co-investors.

In Singapore, the Property Division now fully owns Concorde Hotel and 61 shops units at Concorde Shopping Centre, situated at Orchard Road with the Division's acquisition of the remaining shares in 2013. The other retail property which the Division owns is Forum the Shopping Mall. Forum the Shopping Mall is renowned to house numerous high-fashion designer labels such as Emporio Armani and Tsumori Chisato.

Six Senses Laamu, Maldives

Corporate Information

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

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

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: 6536 5355

REGISTERED OFFICE

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

Financial Statements 2013

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, 2013.

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

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 the Company		
Ong Beng Seng	121,097,680**	129,937,680**
Christopher Lim Tien Lock	703,500	196,800
David Fu Kuo Chen	869,000	869,000
Stephen Lau Buong Lik	116,000	279,600

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 subsidiaries		
– HPL Resorts (Maldives) Pvt Ltd		
Ong Beng Seng	10,000*	10,000*
– HPL Properties (Indian Ocean) Pte Ltd		
Ong Beng Seng	10*	10*
Options to acquire ordinary shares under the Hotel Properties Limited Share Option Schemes		
Christopher Lim Tien Lock	2,615,000	2,680,000
Stephen Lau Buong Lik	1,870,000	2,220,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	941,500	753,200
Stephen Lau Buong Lik	818,000	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, 2013, 126,637,680 (as at January 1, 2013, 117,797,680) 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 is deemed to have an interest in the other related corporations of the Company.

Apart from Mr Christopher Lim Tien Lock's change of interest in shares from 196,800 to 396,800 and options to acquire ordinary shares under the Share Option Schemes from 2,680,000 to 2,480,000 on January 21, 2014, there were no other changes in the above directors' interests as at January 21, 2014.

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.

Report of The Directors

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 30, 2013 ("Offering Date"), options were granted pursuant to the Scheme 2010 to executives of the Company to subscribe for 1,580,000 ordinary shares in the Company at the subscription price of $2.52 per ordinary share ("Offering Price").

The options may be exercised during the period from July 30, 2015 to July 29, 2023, 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 645,000 new ordinary shares for cash following the exercise of options by executives of the Company granted in conjunction with the Scheme 2000.

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

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

c) Unissued Shares Under Option

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

Date of Grant	Number of Share Options			Exercise Price	Exercise Period
	Balance at 1/1/13 or date of grant if later	Exercised	Balance at 31/12/13		
Pursuant to Scheme 2000					
28/02/2005	220,000	–	220,000	$1.000	28/02/2007 – 27/02/2015
17/03/2006	1,060,000	495,000	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	1,050,000	70,000	980,000	$1.720	13/10/2011 – 12/10/2019
29/03/2010	2,240,000	80,000	2,160,000	$1.770	29/03/2012 – 28/03/2020
Total	6,940,000	645,000	6,295,000		
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
Total	4,740,000	–	4,740,000		

d) The information on directors of the Company participating in the Share Option Schemes and employees who received 5 percent or more of the total number of options available under Share Option Schemes are 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	450,000	4,465,000	1,785,000	2,680,000
Stephen Lau Buong Lik	350,000	3,295,000	1,075,000	2,220,000

No options under the Schemes were granted to controlling shareholders or their 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, 2013		Released	Balance as at December 31, 2013	
	No. of holders	No. of shares	No. of shares	No. of holders	No. of shares
2011	2	1,759,500	351,900	2	1,407,600
Total		1,759,500	351,900		1,407,600

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 25, 2014

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 27 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Arthur Tan Keng Hock

Ong Beng Seng

March 25, 2014

Independent Auditors' Report

To the members of Hotel Properties Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from 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, 2013, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Singapore

March 25, 2014

Statements of Financial Position

December 31, 2013

	Note	Group 2013 $'000	Group 2012 $'000 (restated)	Company 2013 $'000	Company 2012 $'000
ASSETS					
Current assets					
Cash and bank balances	6	115,331	83,189	27,193	9,754
Held-for-trading investments	7	3,140	3,342	–	–
Available-for-sale investments	16	–	16,207	–	–
Trade and other receivables	8	60,301	40,630	2,973	2,964
Amount due from associates	12	62,790	43,882	7,041	7,731
Amount due from subsidiaries	15	–	–	720,333	646,013
Inventories	9	8,850	8,178	297	620
Development property	10	358,398	271,750	–	–
Completed properties held for sale	11	18,491	28,344	–	–
Total current assets		627,301	495,522	757,837	667,082
Non-current assets					
Associates and jointly controlled entities	12	725,842	694,472	1,061	1,061
Subsidiaries	15	–	–	659,743	684,324
Available-for-sale investments	16	7,552	9,417	–	–
Other long-term prepayments	17	373	440	–	–
Property, plant and equipment	18	958,972	962,374	227,618	226,351
Investment properties	19	683,012	661,626	–	–
Deferred tax assets	23	4,509	2,307	–	–
Intangible assets	20	6,593	6,964	–	–
Total non-current assets		2,386,853	2,337,600	888,422	911,736
Total assets		**3,014,154**	**2,883,122**	**1,646,259**	**1,578,818**
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	21	314,784	134,212	–	89,970
Trade and other payables	22	116,494	96,142	30,035	25,515
Amount due to subsidiaries	15	–	–	44,456	44,456
Income tax payable		9,633	12,027	–	895
Total current liabilities		440,911	242,381	74,491	160,836
Non-current liabilities					
Advances from subsidiaries	15	–	–	60,368	129,804
Long-term borrowings	21	742,763	859,063	500,679	294,078
Deferred tax liabilities	23	28,229	17,175	1,012	939
Total non-current liabilities		770,992	876,238	562,059	424,821
Share capital and reserves					
Share capital	24	687,832	686,139	687,832	686,139
Reserves		902,079	788,874	173,530	158,675
Equity attributable to owners of the Company		1,589,911	1,475,013	861,362	844,814
Perpetual capital securities	26	148,347	148,347	148,347	148,347
		1,738,258	1,623,360	1,009,709	993,161
Non-controlling interests		63,993	91,143	–	–
Total equity		1,802,251	1,714,503	1,009,709	993,161
Total liabilities and equity		**3,014,154**	**2,833,122**	**1,646,259**	**1,578,818**

See accompanying notes to financial statements.

Consolidated Income Statement

Year ended December 31, 2013

	Note	Group 2013 $'000	Group 2012 $'000 (restated)
Revenue	27	691,964	542,838
Cost of sales		(475,132)	(378,230)
Gross profit		216,832	164,608
Other operating income	28	4,537	6,586
Administrative expenses		(64,527)	(57,720)
Other operating expenses	28	(3,858)	(8,865)
Finance costs		(25,095)	(25,209)
Share of results of associates and jointly controlled entities before fair value changes in investment properties		61,568	52,561
Profit before income tax and fair value changes in investment properties		189,457	131,961
Gain (Loss) on fair value changes:			
Share of fair value gain(loss) on investment properties of associates		1,920	(486)
Fair value gain on investment properties	19	21,386	28,065
Profit before income tax	28	212,763	159,540
Income tax expense	29	(25,958)	(20,340)
Profit for the year		186,805	139,200
Attributable to:			
Owners of the Company		177,645	129,796
Non-controlling interests		9,160	9,404
		186,805	139,200
Earnings per share (Cents):	30		
– basic		33.19	25.64
– diluted		33.05	25.51

See accompanying notes to financial statements.

Consolidated Statement of Other Comprehensive Income

Year ended December 31, 2013

	Group	
	2013	**2012**
	$'000	**$'000**
		(restated)
Profit for the year	186,805	139,200
Other comprehensive income (net of tax):		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation	490	(593)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(1,765)	(21,004)
Decrease in other capital reserve	(297)	(610)
Share of other comprehensive income of associates and jointly controlled entities	7,661	(1,769)
	5,599	(23,383)
Other comprehensive income (loss) for the year, net of tax	6,089	(23,976)
Total comprehensive income for the year	192,894	115,224
Attributable to:		
Owners of the Company	183,745	107,260
Non-controlling interests	9,149	7,964
	192,894	115,224

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2013

Group	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
			(Note 25)					
Balance as at January 1, 2012, as previously reported	684,530	583,569	126,914	1,395,013	–	1,395,013	77,400	1,472,413
Effect of adopting Revised FRS 19	–	(157)	–	(157)	–	(157)	–	(157)
Balance as at January 1, 2012, as restated	684,530	583,412	126,914	1,394,856	–	1,394,856	77,400	1,472,256
Total comprehensive income (loss) for the year								
Profit for the year	–	129,796	–	129,796	–	129,796	9,404	139,200
Other comprehensive loss for the year	–	(571)	(21,965)	(22,536)	–	(22,536)	(1,440)	(23,976)
Total	–	129,225	(21,965)	107,260	–	107,260	7,964	115,224
Transaction with owner, recognised directly in equity								
Recognition of share-based payments	–	–	1,968	1,968	–	1,968	–	1,968
Dividends (Note 31)	–	(25,303)	–	(25,303)	–	(25,303)	–	(25,303)
Net movement during the year	–	–	–	–	–	–	5,779	5,779
Issue of shares	1,609	–	(745)	864	–	864	–	864
Total	1,609	(25,303)	1,223	(22,471)	–	(22,471)	5,779	(16,692)
Issue of perpetual capital securities (Note 26)	–	–	–	–	148,347	148,347	–	148,347
Distribution to perpetual capital securities holders	–	(4,632)	–	(4,632)	–	(4,632)	–	(4,632)
Balance as at December 31, 2012, as restated	**686,139**	**682,702**	**106,172**	**1,475,013**	**148,347**	**1,623,360**	**91,143**	**1,714,503**
Total comprehensive income (loss) for the year								
Profit for the year	–	177,645	–	177,645	–	177,645	9,160	186,805
Other comprehensive income (loss) for the year	–	479	5,621	6,100	–	6,100	(11)	6,089
Total	–	178,124	5,621	183,745	–	183,745	9,149	192,894
Transaction with owner, recognised directly in equity								
Recognition of share-based payments	–	–	1,742	1,742	–	1,742	–	1,742
Dividends (Note 31)	–	(38,066)	–	(38,066)	–	(38,066)	–	(38,066)
Acquisition of additional interest in a subsidiary from non-controlling interests	–	–	(24,164)	(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**

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2013

Company	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Total equity $'000
			(Note 25)			
Balance as at January 1, 2012	684,530	32,862	117,033	834,425	–	834,425
Total comprehensive income for the year						
Profit for the year	–	37,492	–	37,492	–	37,492
Total	–	37,492	–	37,492	–	37,492
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	–	–	1,968	1,968	–	1,968
Dividends (Note 31)	–	(25,303)	–	(25,303)	–	(25,303)
Issue of shares	1,609	–	(745)	864	–	864
Total	1,609	(25,303)	1,223	(22,471)	–	(22,471)
Issue of perpetual capital securities (Note 26)	–	–	–	–	148,347	148,347
Distribution to perpetual capital securities holders	–	(4,632)	–	(4,632)	–	(4,632)
Balance as at December 31, 2012	**686,139**	**40,419**	**118,256**	**844,814**	**148,347**	**993,161**
Total comprehensive income for the year						
Profit for the year	–	61,231	–	61,231	–	61,231
Total	–	61,231	–	61,231	–	61,231
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	–	–	1,742	1,742	–	1,742
Dividends (Note 31)	–	(38,066)	–	(38,066)	–	(38,066)
Issue of shares	1,693	–	(864)	829	–	829
Total	1,693	(38,066)	878	(35,495)	–	(35,495)
Distribution to perpetual capital securities holders	–	(9,188)	–	(9,188)	–	(9,188)
Balance as at December 31, 2013	**687,832**	**54,396**	**119,134**	**861,362**	**148,347**	**1,009,709**

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Group	
	2013 $'000	2012 $'000 (restated)
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	149,275	107,465
Adjustments for:		
Amortisation of intangible assets	324	322
Depreciation expense	46,454	50,113
Share-based payment expense	1,742	1,968
Impairment of intangible assets	–	3,088
Impairment of available-for-sale investments	1,931	1,483
Fair value gain in investment properties	(21,386)	(28,065)
Loss on liquidation of jointly controlled entity	–	60
Loss (Gain) on disposal of property, plant and equipment	59	(192)
Finance costs	25,095	25,209
Interest income	(1,578)	(1,974)
Dividend income	(86)	(185)
Operating cash flows before movements in working capital	201,830	159,292
Trade and other payables	20,082	(2,435)
Completed properties held for sale	9,354	8,729
Development properties and expenditure	(79,322)	30,708
Receivables and prepayments	6,480	(5,010)
Held-for-trading investments	202	10,032
Inventories	(524)	(134)
Cash generated from operations	158,102	201,182
Dividend received	86	185
Income tax paid	(19,629)	(17,032)
Net cash from operating activities	138,559	184,335
Cash flows used in investing activities:		
Acquisition of additional interest in a subsidiary	(65,626)	–
Additional property, plant and equipment	(41,228)	(40,070)
Deposits placed for investments	(25,290)	–
Net cash from (investment in) associates and jointly controlled entities	30,842	(138,361)
Proceeds from disposal of available-for-sale investment	15,844	–
Proceeds from disposal of property, plant and equipment	784	1,029
Cash used in investing activities	(84,674)	(177,402)

Consolidated Statement of Cash Flows

Year ended December 31, 2013

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

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

1. GENERAL

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

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and jointly controlled entities are described in Notes 35, 36 and 37 respectively to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Amendments to FRS 19 *Employee Benefits* (revised)

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

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

FRS 113 *Fair Value Measurement*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FRS 112 *Disclosure of Interests in Other Entities*

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

Amendments to FRS 32 *Financial Instruments: Presentation*

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

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

Amendment to FRS 36 *Impairment of Assets*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

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

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

Financial assets

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

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

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

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

Financial liabilities and equity instruments

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

Financial liabilities

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

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

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

Equity instruments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, the net cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is reclassified to profit or loss for the period.

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

DEVELOPMENT PROPERTIES - Development properties for sale are stated at cost plus, where appropriate, a portion of the attributable profit, net of progress billings. The cost of property under development includes land cost, acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised as part of the cost of the development property until the completion of development.

Revenue and costs are recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs on a continuous transfer basis as construction progresses. Under the percentage of completion method, profits are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. When losses are expected, full provision is made in the financial statements after adequate consideration has been made for estimated costs to completion. Developments are considered complete upon the issue of temporary occupation permits.

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

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

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

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES - An associate is an enterprise over which the Group has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

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

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

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

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

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

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

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

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Leasehold land and property	- 19 to 89 years
Buildings and improvements	- 5 to 50 years
Plant and equipment, furniture, fixtures and fittings	- 3 to 20 years

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

Depreciation is not provided on freehold and long-term leasehold land and construction-in-progress. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss. On the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained profits.

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

INTANGIBLE ASSETS - These comprise goodwill and franchise rights. Franchise rights are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of 20 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

Assets held under finance leases are recognised as assets of the Group at their fair 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.

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.

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

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

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

a) Sales other than revenue from development properties are recognised when all the following conditions are satisfied:
   - the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
   - the amount of revenue can be measured reliably;
   - it is probable that the economic benefits associated with the transaction will flow to the Group; and
   - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b) Revenue from development properties is recognised in accordance with the Group's accounting policy on development properties (see above);

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

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

e) Management fee income is recognised when services are rendered;

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

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

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

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

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

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

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

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary 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.

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.

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

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in exchange fluctuation reserve (attributed to non-controlling interest, as appropriate). Such reserves are reclassified from equity to profit or loss (as a reclassification adjustment) on disposal.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

i) the level of impairment of tangible and intangible assets;
ii) the determination of fair value of unquoted available-for-sale investments, investment properties and financial derivatives; and
iii) the assessment of adequacy of provision for income taxes. The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes.

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

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The carrying amounts of the above are disclosed in the respective notes to the financial statements.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

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

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
		(restated)		
Financial assets				
Held-for-trading investments	3,140	3,342	–	–
Advances and receivables (including cash and bank balances)	537,290	582,558	1,284,462	1,198,763
Available-for-sale investments	7,552	25,624	–	–
Financial liabilities				
Other financial liabilities	1,174,041	1,089,417	635,538	583,823

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

<u>Interest rate risk management</u>

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

Interest rate sensitivity

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

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

<u>Foreign exchange risk management</u>

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

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

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

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

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States dollars	75,283	64,909	45,173	51,899	–	–	266	635
Sterling pounds	142,446	99,957	–	32,196	11,814	–	11,851	–
Chinese renminbi	–	–	42,654	38,446	–	–	–	–
Thai baht	–	–	56,852	56,236	–	–	–	–
Malaysian ringgit	–	–	10,004	10,500	–	–	–	–

Foreign currency sensitivity

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

	US dollar impact		Sterling pound impact		Chinese renminbi impact	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Group						
Profit before tax	(456)	(745)	–	–	–	–
Other equity	3,467	2,046	14,245	6,776	(4,265)	(3,845)
Company						
Profit before tax	(27)	(64)	(4)	–	–	–

	Thai baht impact		Malaysian ringgit impact	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Group				
Profit before tax	–	–	–	–
Other equity	(5,685)	(5,624)	(1,000)	(1,050)
Company				
Profit before tax	–	–	–	–

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

<u>Credit risk management</u>

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

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

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

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

Liquidity risk management

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Liquidity risk analysis

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

		Contractual cash flows (including interest payments)			
	Carrying amount $'000	**Total $'000**	**On demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**After 5 years $'000**
Group					
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
2012 (restated)					
Non-interest bearing	96,142	96,142	96,142	–	–
Interest bearing	993,275	1,065,899	158,444	821,341	86,114
	1,089,417	1,162,041	254,586	821,341	86,114
Company					
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
2012					
Non-interest bearing	69,971	69,971	69,971	–	–
Interest bearing	513,852	568,108	104,717	379,336	84,055
	583,823	638,079	174,688	379,336	84,055

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

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

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

Market risk management

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

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

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

Capital Risk Management

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

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

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

Fair values of financial assets and financial liabilities

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

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

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

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

ii) the fair value of unquoted financial instruments are determined in accordance with Note 16.

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

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

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
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
2012				
Financial assets				
Held-for-trading investments	3,342	3,342	–	–
Available-for-sale investments	25,624	24,239	1,385	–
Total	28,966	27,581	1,385	–

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

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

	Group	
	2013 $'000	2012 $'000
Short-term benefits	18,174	15,048
Post-employment benefits	329	344
Share-based payments	1,436	1,672
	19,939	17,064

6. CASH AND BANK BALANCES

a) As at December 31, 2013, cash and bank balances of approximately $3,353,000 (2012: $3,362,000) were pledged to the banks to secure certain credit facilities.

b) Included in cash and bank balances is an amount of approximately $1,326,000 (2012: $18,090,000) held under the "Housing Developers' (Project Account) Rules", withdrawals from which are restricted to payments for expenditure incurred on the development property.

c) The bank deposits of the Group bear annual interest ranging from 0% to 2.2% (2012: 0% to 2.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

7. HELD-FOR-TRADING INVESTMENTS

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

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

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade receivables	22,607	27,773	1,859	1,808
Less: Allowances for doubtful receivables	(234)	(244)	–	–
	22,373	27,529	1,859	1,808
Deposits placed for investments	25,290	–	–	–
Other deposits	2,884	2,929	323	643
Other receivables	2,179	2,432	197	211
Prepayments	7,575	7,740	594	302
Total	60,301	40,630	2,973	2,964

8. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in allowance for doubtful receivables:

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

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

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

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

9. INVENTORIES

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

10. DEVELOPMENT PROPERTY

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

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

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

11. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	24 (2012: 36) condominium units with an aggregate floor area of approximately 52,190 (2012: 77,233) square feet

12. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

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

13. ASSOCIATES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cost of investments in associates[1]	248,734	224,672	245	245
Share of post-acquisition results and reserves net of dividend received	(91,457)	(129,652)	–	–
Advances to associates[2]	318,268	444,798	816	816
Net	475,545	539,818	1,061	1,061

[1] During the financial year, equity contribution of $1,889,000 (2012: $31,146,000) was made in an associate of the Group in which a director is deemed to have interest.

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

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

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

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

	Group	
	2013 $'000	2012 $'000
Statement of financial position		
Total assets	4,117,569	4,971,506
Total liabilities	(3,595,401)	(4,629,064)
Net assets	522,168	342,442
Income statement		
Revenue	2,576,964	1,234,084
Profit for the year	213,451	197,283
Group's share of results of associates	64,840	52,210

14. JOINTLY CONTROLLED ENTITIES

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

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

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

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

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

15. SUBSIDIARIES

	Company	
	2013	2012
	$'000	$'000
Total advances to subsidiaries	1,266,589	1,197,676
Less: Impairment loss	(18,417)	(18,417)
	1,248,172	1,179,259
Less: Amount due from subsidiaries classified as current asset	(720,333)	(646,013)
Non-current advances to subsidiaries	527,839	533,246
Unquoted equity shares, at cost	131,904	151,078
Total	659,743	684,324

As at December 31, 2013, advances to subsidiaries of $527,839,000 (2012: $533,246,000) bear interest at rates ranging from 1.2% to 3.7% (2012: 1.2% to 3.6%) per annum, are unsecured and substantially non-trade in nature.

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

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

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

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

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

16. AVAILABLE-FOR-SALE INVESTMENTS

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

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

17. OTHER LONG-TERM PREPAYMENTS

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

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, 2012	446,259	116,872	618,760	363,574	6,590	1,552,055
Additions	–	–	10,913	18,695	10,462	40,070
Reclassification	–	–	7,729	3,427	(11,156)	–
Disposals	–	–	(167)	(5,467)	–	(5,634)
Exchange realignment	(4,337)	–	(26,424)	(9,686)	(321)	(40,768)
At December 31, 2012	441,922	116,872	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
Comprising:						
December 31, 2012						
At cost	87,129	116,872	610,811	370,543	5,575	1,190,930
At valuation	354,793	–	–	–	–	354,793
	441,922	116,872	610,811	370,543	5,575	1,545,723
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
Accumulated depreciation:						
At January 1, 2012	13,362	30,212	232,422	279,981	–	555,977
Depreciation for the year	736	1,313	19,392	28,672	–	50,113
Disposals	–	–	(75)	(4,722)	–	(4,797)
Exchange realignment	(793)	–	(9,614)	(7,810)	–	(18,217)
At December 31, 2012	13,305	31,525	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
Impairment loss:						
At January 1, 2012	279	–	–	–	–	279
Exchange realignment	(6)	–	–	–	–	(6)
At December 31, 2012	273	–	–	–	–	273
Exchange realignment	(9)	–	–	–	–	(9)
At December 31, 2013	264	–	–	–	–	264
Carrying amount:						
At December 31, 2012	428,344	85,347	368,686	74,422	5,575	962,374
At December 31, 2013	429,311	84,034	359,612	69,727	16,288	958,972

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, 2012	208,800	24,890	94,272	315	328,277
Additions	–	–	2,803	49	2,852
Reclassifications	–	–	105	(105)	–
Disposals	–	(11)	(2,732)	–	(2,743)
At December 31, 2012	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
Comprising:					
December 31, 2012					
At valuation	208,800	–	–	–	208,800
At cost	–	24,879	94,448	259	119,586
	208,800	24,879	94,448	259	328,386
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
Accumulated depreciation:					
At January 1, 2012	–	17,036	83,382	–	100,418
Depreciation for the year	–	420	3,733	–	4,153
Disposals	–	(11)	(2,525)	–	(2,536)
At December 31, 2012	–	17,445	84,590	–	102,035
Depreciation for the year	–	419	3,169	–	3,588
Disposals	–	–	(1,827)	–	(1,827)
At December 31, 2013	–	17,864	85,932	–	103,796
Carrying amount:					
At December 31, 2012	208,800	7,434	9,858	259	226,351
At December 31, 2013	208,800	7,015	11,782	21	227,618

The freehold and long-term leasehold land are stated at valuation based on the open market value for existing use as at December 31, 1996 by DTZ Debenham Tie Leung (SEA) Pte Ltd and its associates. The revaluation surplus of the Company and of the Group has been recorded in the asset revaluation reserve. Subsequent to the above one-off revaluation, no further revaluation was done after the adoption of FRS 16 *Property, Plant and Equipment.*

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

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

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

19. INVESTMENT PROPERTIES

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

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

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

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

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

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
Investment properties	683,012	–	–	683,012

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

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

20. INTANGIBLE ASSETS

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

20. INTANGIBLE ASSETS (cont'd)

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

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill attributable to certain property, plant and equipment is approximately $4.7 million (2012: $4.7 million) respectively.

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

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

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

21. BORROWINGS AND OTHER LONG-TERM LIABILITIES

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

a) During the year, bank loans (secured), notes payable (unsecured) and other long-term liabilities (secured) bear floating interest rates ranging from 1.1% to 5.0% (2012: 1.2% to 7.1%) per annum, and certain notes payable (unsecured) bear fixed interest rates ranging from 3.4% to 4.1% (2012: 3.4% to 5.3%) per annum. The carrying amount and fair value of these notes are $488,952,000 and $513,935,000 (2012: $384,048,000 and $396,515,000) respectively. The notes are classified under level 2 of the fair value hierarchy and the fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate. The facilities are repayable from 2014 to 2026 (2012: 2013 to 2026).

b) Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 10, 18 and 19); subordinated mortgages over certain subsidiaries' lease rights, fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantees from the Company, certain subsidiaries and certain non-controlling shareholders.

c) Bank loans and other long-term liabilities at floating interest rates are contractually repriced on a short-term basis, typically six months or less.

d) As at December 31, 2012, the Group had a finance lease arrangement to acquire certain equipment. The lease term was 5 years and interest rate was fixed at 6% per annum. The minimum lease payments payable and its present value had amounted to $0.4 million each.

e) The Group has obtained bankers' guarantees in favour of various statutory boards and government regulatory authorities. These guarantees are secured by the assets and undertakings as disclosed in (b) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries.

22. TRADE AND OTHER PAYABLES

	Group 2013 $'000	Group 2012 $'000 (restated)	Company 2013 $'000	Company 2012 $'000
Trade payables	64,701	50,602	5,994	5,997
Accrued employee-related expenses	28,152	24,237	14,598	11,795
Accrued operating expenses	15,528	14,090	3,657	3,290
Amount payable relating to acquisition of capital assets	359	700	–	–
Current portion of hire purchase creditors (Note 21)	–	373	–	–
Due to companies in which certain directors have interests*	388	305	–	–
Interest payable to non-related companies	6,697	5,170	5,390	4,049
Others	669	665	396	384
Total	116,494	96,142	30,035	25,515

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

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

23. DEFERRED TAX ASSETS / LIABILITIES

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Deferred tax assets	(4,509)	(2,307)	–	–
Deferred tax liabilities	28,229	17,175	1,012	939
Net	23,720	14,868	1,012	939

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

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

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

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

24. SHARE CAPITAL AND OPTIONS

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

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

Under the Hotel Properties Limited Share Option Scheme 2000 ("Scheme 2000") and the Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"), options to subscribe for the Company's ordinary shares may be granted to executives of the Company. The schemes are administered by the Remuneration Committee. The exercise price of the granted options was determined based on the average last business 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			
	2013		2012	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	10,100,000	2.11	9,275,000	2.04
Granted during the year	1,580,000	2.52	1,580,000	2.02
Exercised during the year	(645,000)	1.29	(755,000)	1.145
Outstanding at the end of the year	11,035,000	2.21	10,100,000	2.11
Exercisable at the end of the year	7,875,000	2.19	6,940,000	2.18

24. SHARE CAPITAL AND OPTIONS (cont'd)

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

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

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

	Group and Company	
	2013 Number of performance shares	**2012** Number of performance shares
Outstanding at the beginning of the year	1,759,500	1,996,000
Released during the year	(351,900)	(236,500)
Outstanding at the end of the year	1,407,600	1,759,500

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

25. OTHER RESERVES

	Asset revaluation reserve $'000	**Exchange fluctuation reserve $'000**	**Hedge reserve $'000**	**Option reserve $'000**	**Other capital reserve $'000**	**Total $'000**
Group						
Balance as at January 1, 2012	221,479	(104,106)	(49)	6,248	3,342	126,914
Recognition of share-based payments	–	–	–	1,968	–	1,968
Total comprehensive income (loss) for the year	–	(21,401)	20	–	(584)	(21,965)
Transfer during the year	–	–	–	(745)	–	(745)
Balance as at December 31, 2012, as restated	221,479	(125,507)	(29)	7,471	2,758	106,172
Recognition of share-based payments	–	–	–	1,742	–	1,742
Acquisition of additional interest in a subsidiary from non-controlling interests	–	–	–	–	(24,164)	(24,164)
Total comprehensive income (loss) for the year	–	*5,889	29	–	(297)	5,621
Transfer during the year	–	–	–	(864)	–	(864)
Balance as at December 31, 2013	221,479	(119,618)	–	8,349	(21,703)	88,507

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

25. OTHER RESERVES (cont'd)

	Asset revaluation reserve $'000	Option reserve $'000	Total $'000
Company			
Balance as at January 1, 2012	110,785	6,248	117,033
Recognition of share-based payments	–	1,968	1,968
Transfer during the year	–	(745)	(745)
Balance as at December 31, 2012	110,785	7,471	118,256
Recognition of share-based payments	–	1,742	1,742
Transfer during the year	–	(864)	(864)
Balance as at December 31, 2013	110,785	8,349	119,134

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

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

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

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

Other capital reserves include the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired, as well as reserve on consolidation which represents the difference between the fair value of the consideration paid and the amount by which the non-controlling interest are reduced during the acquisition of additional interests from non-controlling shareholders.

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	
	2013 $'000	**2012 $'000**
Sales	200,498	71,785
Hotel revenue	460,737	439,435
Rental income	27,270	28,151
Management fee	3,459	3,467
Total	691,964	542,838

Included in sales is an amount of $185,922,000 (2012: $59,881,000) being revenue recognised based on percentage of completion method on development properties.

28. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2013 $'000	2012 $'000 (restated)
Staff costs (including share-based payments)	129,091	119,591
Cost of defined contribution plans included in staff costs	7,402	7,042
Cost of inventories recognised as expense	175,311	87,554
Depreciation and amortisation	46,778	50,435
Audit fees paid to auditors:		
Auditors of the Company	584	597
Other auditors	471	418
Non-audit fees paid to auditors:		
Auditors of the Company	56	17
Other auditors	47	64
Allowance for doubtful trade receivables*	50	139
Fair value gain on held-for-trading investments*	(169)	(4,031)
Impairment loss on:		
Goodwill*	–	3,088
Available-for-sale investments*	1,931	1,483
Foreign exchange adjustment (gain) loss (net)*	(613)	303
Interest income*	(1,578)	(1,974)
Dividend income (gross)*	(86)	(185)
Loss (Gain) on disposal of property, plant and equipment*	59	(192)
Loss on liquidation of jointly controlled entity*	–	60

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

29. INCOME TAX EXPENSE

	Group	
	2013 $'000	2012 $'000
Current tax	17,135	18,822
Deferred tax	8,793	2,483
	25,928	21,305
Under (Over) provision in prior years	30	(965)
	25,958	20,340

29. INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2012: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group	
	2013 $'000	2012 $'000 (restated)
Profit before income tax and share of results of associates and jointly controlled entities	149,275	107,465
Tax calculated at a tax rate of 17% (2012: 17%)	25,377	18,269
Non-(taxable) deductible items (net)	(265)	366
Tax exemption	(432)	(287)
Utilisation of unabsorbed tax losses brought forward	(86)	(3)
Deferred tax asset on tax losses arising during the year not recorded	1,381	2,387
Effect of different tax rate of overseas operations	(47)	573
	25,928	21,305
Effective tax rate	17.4%	19.8%

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 $47,631,000 and $432,000 (2012: $47,918,000 and $402,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax asset has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating $36,717,000 (2012: $35,879,000) will expire within the next 5 years.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $224,000 (2012: $Nil) arising in the current year were transferred from the Company under the group relief system. These tax losses were transferred to certain subsidiaries of the Group at no consideration.

30. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to owners of the Company after deducting provision for distribution to perpetual capital securities holders divided by the weighted average number of ordinary shares of 507,486,755 (2012: 506,284,796) in issue during the year.

Diluted earnings per share is based on 509,875,987 (2012: 508,951,795) ordinary shares assuming the full exercise of outstanding share options and release of performance shares during the year and adjusted Group earnings of $168,492,000 (2012: $129,816,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

30. EARNINGS PER SHARE (cont'd)

	Group	
	2013	2012
	$'000	$'000
		(restated)
Profit attributable to owners of the Company used to compute basic earnings per share	168,457	129,796
Adjusted profit attributable to owners of the Company used to compute diluted earnings per share	168,492	129,816

	Group	
	2013	2012
	No. of shares ('000)	No. of shares ('000)
		(restated)
Weighted average number of ordinary shares used to compute basic earnings per share	507,487	506,285
Adjustment for potential dilutive ordinary shares	2,389	2,667
Weighted average number of ordinary shares used to compute diluted earnings per share	509,876	508,952
Basic earnings per share	33.19 cents	25.64 cents
Diluted earnings per share	33.05 cents	25.51 cents

31. DIVIDENDS

In 2012, the Company declared and paid a first and final one-tier tax exempt dividend of 2 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 3 cents per ordinary share of the Company, totaling $25,303,000 in respect of the financial year ended December 31, 2011.

In 2013, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 3.5 cents per ordinary share of the Company, totaling $38,066,000 in respect of the financial year ended December 31, 2012.

Subsequent to December 31, 2013, the directors of the Company recommended that a first and final one-tier tax exempt dividend be paid at 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend be paid at 4 cents per ordinary share of the Company, totaling $40,645,000 for the financial year ended December 31, 2013. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – *Events After The Reporting Period.*

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	
	2013 $'000	2012 $'000
Capital expenditure	65,053	5,432
Interests in associates and jointly controlled entities	101,823	51,829

33. OPERATING LEASE COMMITMENTS

	Group	
	2013 $'000	2012 $'000
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	7,946	7,739

At the end of the reporting period, commitments in respect of operating leases for office premises and islands for periods up to 50 years are as follows:

	Group	
	2013 $'000	2012 $'000
Future minimum lease payable:		
Within 1 year	7,435	6,989
Within 2 to 5 years	28,430	27,547
After 5 years	188,351	188,958
Total	224,216	223,494

The Group as lessor

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

	Group	
	2013 $'000	2012 $'000
Future minimum lease receivable:		
Within 1 year	28,793	28,725
Within 2 to 5 years	29,485	28,681
Total	58,278	57,406

The tenancy arrangements range from one to six years. Rental income earned during the year is disclosed in Note 27 to the financial statements. Included in the future minimum lease receivable is an amount of $18,128,000 (2012: $15,365,000) relating to tenancy arrangements with companies in which certain directors are deemed to have interests.

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.

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
										(restated)
REVENUE										
External sales	464,185	442,502	227,774	100,223	5	113	–	–	691,964	542,838
Inter-segment sales	–	–	403	402	–	–	(403)	(402)	–	–
Total revenue	464,185	442,502	228,177	100,625	5	113	(403)	(402)	691,964	542,838
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	89,797	77,151	63,548	23,587	(1,939)	1,897	–	–	151,406	102,635
Fair value gain in investment properties	–	–	21,386	28,065	–	–	–	–	21,386	28,065
Segment results	89,797	77,151	84,934	51,652	(1,939)	1,897	–	–	172,792	130,700
Finance costs									(25,095)	(25,209)
Interest income									1,578	1,974
Share of results of equity accounted investees before fair value changes in investment properties	(8,591)	(2,824)	69,072	54,652	1,087	733	–	–	61,568	52,561
Share of fair value changes in investment properties of equity accounted investees	–	–	1,920	(486)	–	–	–	–	1,920	(486)
Income tax expense									(25,958)	(20,340)
Non-controlling interests									(9,160)	(9,404)
Net profit									177,645	129,796

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000 (restated)
OTHER INFORMATION										
Segment assets	1,046,937	1,010,193	1,101,175	1,007,412	11,509	29,986	–	–	2,159,621	2,047,591
Investment in equity accounted investees	199,549	217,143	578,801	512,825	10,282	8,386	–	–	788,632	738,354
Unallocated corporate assets									65,901	47,177
Consolidated total assets									3,014,154	2,833,122
Segment liabilities	95,595	85,209	20,616	10,641	115	135	–	–	116,326	95,985
Unallocated corporate liabilities									1,095,577	1,022,634
Consolidated total liabilities									1,211,903	1,118,619
Additions to non-current assets (excluding fair value changes)	46,573	109,680	117,160	82,395	500	500	–	–	164,233	192,575
Depreciation and amortisation	46,065	49,565	710	866	3	4	–	–	46,778	50,435
Impairment loss	–	3,088	–	–	1,931	1,483	–	–	1,931	4,571
Non-cash (income) expenses other than depreciation, amortisation and impairment loss	(605)	239	57	(118)	44	129	–	–	(504)	250

34. SEGMENT INFORMATION (cont'd)

d) Information by geographic regions:

	Revenue 2013 $'000	Revenue 2012 $'000	Non-current assets 2013 $'000	Non-current assets 2012 $'000
Singapore	384,697	263,882	1,482,276	1,501,912
The Maldives	162,340	145,339	183,931	182,500
The rest of Asia	122,049	110,725	406,331	417,833
United Kingdom and Europe	–	–	200,516	135,129
Others	22,878	22,892	101,738	88,502
	691,964	542,838	2,374,792	2,325,876

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

35. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	Group's Effective Interest 2012 %
Held by the Company				
Cleaton Investments Pte Ltd	Investment holding company	Singapore	93.3	93.3
HPL Hotels & Resorts Pte Ltd	Hotel management and investment holding company	Singapore	100	100
HPL Investment & Development Pte Ltd	Investment holding company	Singapore	100	100
HPL Leisure Holdings Pte Ltd	Investment holding company	Singapore	100	100
HPL Orchard Place Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties Pte Ltd	Property development, hotelier and investment holding company	Singapore	100	100
HPL Properties (Australasia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (Indian Ocean) Pte Ltd	Investment holding company	Singapore	70	70
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	Group's Effective Interest 2012 %
Held by the Company				
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100
Luxury Holdings Pte Ltd#	Investment holding company	Singapore	100	85
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd (1)	Hotelier	Malaysia	100	100
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	–
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

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	Group's Effective Interest 2012 %
Held by subsidiaries of the Company				
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	–
HPL (Eaton) Ltd [1]	Dormant	United Kingdom	100	100
HPL Gateway Investments Pte Ltd*	Investment holding company	Singapore	100	–
HPL Hotels Pty Ltd [7]	Provision of administrative services	Australia	100	100
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL (Kensington) Pte Ltd*	Investment holding company	Singapore	100	–
HPL (Mayfair) Pte Ltd	Investment holding company	Singapore	100	100
HPL Park Avenue Inc.*[7]	Investment holding company	U.S.A.	100	-
HPL Properties Management Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Residential Pte Ltd	Investment holding company	Singapore	100	100
HPL Resorts (Maldives) Pvt Ltd [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

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	Group's Effective Interest 2012 %
Held by subsidiaries of the Company				
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong / Maldives	70	70
Landeal Properties Pte Ltd (7)	Dormant	Singapore	100	100
Leisure Frontiers Private Limited* (2)	Hotelier	Maldives	70	–
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70
Luxury Complex Pte Ltd#	Investment holding company	Singapore	100	85
Luxury Hotels (1989) Pte Ltd#	Hotelier	Singapore	100	85
Luxury Properties Pte Ltd#	Investment holding company	Singapore	100	85
MAT Maldives Pvt Ltd (2)	Hotelier	Maldives	66.5	66.5
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55., Corp. (4)	Hotelier	U.S.A.	100	100
Park Avenue Investments Ltd* (1)	Investment holding company	United Kingdom	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

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	2012 %
Held by subsidiaries of the Company				
Seaside Properties (Thailand) Co. Ltd [3]	Hotelier	Thailand	74	74
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.

Additional interest acquired during the financial year.

* Acquired/Incorporated during the financial year.

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

36. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	Group's Effective Interest 2012 %
Ankerite Pte Ltd [(2)]	Property developer	Singapore	25	25
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
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

37. JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities is as follows:

Jointly Controlled Entity	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2013 %	Group's Effective Interest 2012 %
GC Campden Hill LLP* [(1)]	Property developer	United Kingdom	50	–
Laem Ka Properties Co., Ltd [(2)]	Hotelier and property developer	Thailand	45	45
Ten Acre (Mayfair) Ltd [(1)]	Investment holding company	United Kingdom	65	65

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

(2) Audited by overseas practices of Ernst & Young

* Acquired during the financial year.

38. RESTATEMENT AND COMPARATIVE FIGURES

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following the Group's adoption of amendments to FRS 19 that became effective during the year.

As a result, certain line items have been amended in the statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, statement of changes in equity and consolidated statement of cash flows, and the relevant notes to the financial statements of the Group. Comparative figures have been adjusted to conform to the current year's presentation.

The items were restated as follows:

	2012	
	Previously reported $'000	After restatement $'000
Group		
Statement of financial position		
Trade and other payables	95,464	96,142
Reserves	789,531	788,874
Non-controlling interests	91,164	91,143
Consolidated income statement		
Administrative expenses	(57,818)	(57,720)
Consolidated statement of other comprehensive income		
Remeasurement of defined benefit obligation	–	(593)
Exchange differences on translating foreign operations	(20,978)	(21,004)
Non-controlling interests	7,985	7,964
Consolidated statement of cash flows		
Profit before income tax and share of results of associates and jointly controlled entities	107,367	107,465
Trade and other payables	(2,337)	(2,435)

The above restatements have no impact on the Company's financial statements.

The effect of this restatement is not significant and consequently a restated Group statement of financial position at the start of the previous reporting period has not been presented.

Additional Information

Corporate Governance Report

This report describes Hotel Properties Limited's ("HPL") corporate governance processes and activities in 2013 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 on May 2, 2012.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

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

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

N.A. = Not Applicable
* Mr Joseph Grimberg retired as Director and Chairman on April 26, 2013

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.

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.

Corporate Governance Report

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 eight Directors of whom three are executive Directors, two 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.

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 26, 2013
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 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 and he is currently Non-Executive Chairman of Crescent Point, Cayman Islands and International Advisor to the 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 Trinity College, Ireland, Kyoto University, Japan and the School of Oriental and African Studies, London University.

Corporate Governance Report

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 26, 2013
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 Goodpack Limited and 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 29, 2011
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 29, 2011
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	:	27 April 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.

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 eight 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.

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.

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, 2013, 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 S. Dobbs-Higginson and Mr. Leslie Mah Kim Loong, who are retiring under Section 153(6) of the Companies Act, Chapter 50, Mr. David Fu Kuo Chen and Mr. Stephen Lau Buong Lik, who are retiring pursuant to Article 80 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.

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 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 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 69 of this Annual Report.

The Group has complied with Rules 712, 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 FY2013.

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, 2013 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 Schemes 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.

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.

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.

The RC recommends the payment of the Directors' fees as set out below, 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.

Corporate Governance Report

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, 2013 are set out below:-

	Fee**	Salary	Bonus and Other benefits*	Total
	%	%	%	%
Between $4,000,000 and $4,250,000				
Ong Beng Seng	2	–	98	100
Christopher Lim Tien Lock	2	19	79	100
Between $3,250,000 and $3,500,000				
Stephen Lau Buong Lik	2	22	76	100
Below $250,000				
Joseph Grimberg	100	–	–	100
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

* 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 FY2013

There is no employee who is related to a Director or the CEO whose remuneration exceeds $50,000 in the Group's employment for the financial year ended December 31, 2013.

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 the 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.

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 compliments 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 circulated 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 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

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

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, 2013 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2013 (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	12,453	–
Management fee income	837	–
Management fee expense	760	–
Equity contribution	1,889	–

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

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

Note:
"Associate" in relation to a Director, chief executive officer or controlling shareholder means:
– his immediate family;
– the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
– any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

DEALINGS IN SECURITIES

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, 2013 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	7,015	–
Total Freehold and Long-term Leasehold	208,800	7,015	–
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	81,149	–
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	2,857	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	7,891	–	–
Thailand			
A 10-storey hotel building with 323 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	12,413	21,078	–
2 inter-connecting hotel buildings of 10 and 11 storeys with 171 rooms (known as The Metropolitan, Bangkok) at 28 South Sathorn Road, Bangkok, Thailand	12,410	24,378	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	14,135	546	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	373	–

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.	7,900	20,369	–
Total Freehold	124,445	150,750	–
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)	–	–	84,034
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	297	483	–
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)	75,617	6,074	–
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)	681	23,223	–
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)	2,670	38,289	–
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)	942	3,148	–

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)	912	8,427	–
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)	6,139	34,743	–
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)	8,808	48,449	–
A resort (known as Rihiveli Beach Resort) located at South Male Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	–	517	–
A resort (known as Holiday Inn Resort Kandooma) located at South Male Atoll, Republic of Maldives (lease expiring 39 years from April 15, 2005)	–	38,494	–
Total Leasehold	96,066	201,847	84,034
TOTAL (Classified as Group Property, Plant and Equipment)	429,311	359,612	84,034

Particulars of Group Properties

B Classified as Development Properties (Note 10 to the financial statements)

Location	Title	Expected Year of Completion	Site Area (sqm)	Proposed Gross Floor Area (sqm)	Description and Existing Use
Singapore					
Lot 826M of Town Sub-division 24 at Tomlinson Road.	Freehold	2014	7,143	22,000	Proposed residential development

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

Property Description/Location	Title	Net Lettable Area (sqm)
Thailand		
24 condominium units at 125 South Sathorn Road, Bangkok, Thailand	Freehold	4,848

Particulars of Group Properties

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

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
7 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold	1,774	100
Office and shop units at 50 Cuscaden Road, Singapore 249724	Freehold	3,989	100
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold	16,798	100
62 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979	7,759	100

Statistics of Shareholdings
as at March 19, 2014

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	459	7.19	78,702	0.01
1,000 – 10,000	5,003	78.39	16,232,827	3.19
10,001 – 1,000,000	891	13.96	40,240,116	7.91
1,000,001 and above	29	0.46	452,444,606	88.89
Total:	6,382	100.00	508,996,251	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	OVERSEA-CHINESE BANK NOMINEES PRIVATE LIMITED	147,349,620	28.95
2.	NASSIM DEVELOPMENTS PTE. LTD.	102,948,000	20.23
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	57,574,018	11.31
4.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	35,088,130	6.89
5.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	15,452,000	3.04
6.	REEF HOLDINGS PTE LTD	11,901,000	2.34
7.	RAFFLES NOMINEES (PTE) LIMITED	8,771,162	1.72
8.	UOB KAY HIAN PRIVATE LIMITED	8,003,353	1.57
9.	DBS NOMINEES (PRIVATE) LIMITED	7,505,756	1.47
10.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,304,420	1.24
11.	HSBC (SINGAPORE) NOMINEES PTE LTD	6,029,043	1.18
12.	PHILLIP SECURITIES PTE LTD	5,672,871	1.11
13.	TENGKU IDRIS SHAH IBNI SULTAN SALAHUDDIN ABDUL AZIZ SHAH	5,345,100	1.05
14.	COMO HOLDINGS INC	4,810,000	0.94
15.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,587,848	0.90
16.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	4,377,282	0.86
17.	LEE PINEAPPLE COMPANY PTE LTD	2,750,000	0.54
18.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,462,420	0.48
19.	GOEI SIANG HOEY	2,150,000	0.42
20.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	2,000,000	0.39
Total:		441,082,023	86.63

Substantial Shareholders

as at March 19, 2014

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Direct/Beneficial Interest No. of Shares	%*	Deemed Interest No. of Shares	%*
Coldharbour Limited	74,568,780	14.65	–	–
Como Holdings Inc	78,965,780	15.51	–	–
Born Free Investments Limited	36,459,390	7.16	–	–
Holmshaw Services Limited	34,120,900	6.70	–	–
Ong Beng Seng	3,300,000	0.65	203,406,460 (1)	39.96
Peter Fu Chong Cheng	–	–	147,349,070 (2)	28.95
Kuo Investments Limited	–	–	34,120,900 (3)	6.70
Christina Ong nee Christina Fu	1,650,000	0.32	110,889,680 (4)	21.79
Dr. Juanita Fu Su Ying	–	–	110,889,680 (5)	21.79
David Fu Kuo Chen	869,000	0.17	110,889,680 (6)	21.79
Nassim Developments Pte Ltd	102,948,000	20.23	–	–
WPS Capital Pte. Ltd.	–	–	■ 102,948,000	20.23
Wheelock Properties (Singapore) Limited	–	–	■ 102,948,000	20.23
Star Attraction Limited	–	–	■ 102,948,000	20.23
Wheelock Investments Limited	–	–	■ 102,948,000	20.23
Wheelock and Company Limited	–	–	■ 102,948,000	20.23

Notes:

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

(2) 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 by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

(3) Kuo Investments Limited is deemed to have an interest in the 34,120,900 shares held by Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

(4) Mrs. Christina Ong nee Christina Fu is deemed to have an interest in the shares of Coldharbour Limited, Holmshaw Services Limited and Jermaine Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

(5) Dr. Juanita Fu Su Ying is deemed to have an interest in the shares of Coldharbour Limited, Holmshaw Services Limited and Jermaine Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

(6) Mr. David Fu Kuo Chen is deemed to have an interest in the shares of Coldharbour Limited, Holmshaw Services Limited and Jermaine Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

■ Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Investments Limited, Wheelock and Company Limited are deemed to have an interest in the 102,948,000 shares held by WPS Capital Pte. Ltd. by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

* Based on 508,996,251 ordinary shares as at March 19, 2014.

Approximately 30.95% 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-Fourth Annual General Meeting of Hotel Properties Limited (the "Company") will be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Friday, April 25, 2014 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, 2013 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 4 cents per ordinary share for the year ended December 31, 2013. **Resolution 2**

3. To approve the proposed Directors' fees of $629,667/- for the year ended December 31, 2013. (2012: $618,000) **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. Stephen Lau Buong Lik pursuant to Article 80 of the Articles of Association. **Resolution 7**

8. To re-elect Mr. David Fu Kuo Chen pursuant to Article 80 of the Articles of Association. **Resolution 8**

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

   Share Issue Mandate **Resolution 9**

   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

   (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 (c)]

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 15, 2014 to May 16, 2014 (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 4 cents per ordinary share for the year ended December 31, 2013 (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 14, 2014 will be registered to determine shareholders’ entitlement to the Proposed Dividends. The Proposed Dividends, if approved, will be paid on May 23, 2014 to shareholders registered in the books of the Company on May 14, 2014.

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 10, 2014
Singapore

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) Ordinary Resolution 9 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.

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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.

PROXY FORM
ANNUAL GENERAL MEETING

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

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-Fourth Annual General Meeting of the Company to be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Friday, April 25, 2014 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. Stephen Lau Buong Lik)		
8.	Re-election of Director (Mr. David Fu Kuo Chen)		
9.	Authority to issue shares pursuant to Share Issue Mandate		

Dated this ____________ day of ______________________ 2014

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.

HOTEL
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