Annual Report 2012

Hotel Properties Limited

For the year ended December 31, 2012, the Group achieved a revenue of $542.8 million, 10% higher than the $493.8 million recorded last year.

Contents

Chairman's Statement

Joseph Grimberg
Chairman

FINANCIAL REVIEW

For the year ended December 31, 2012, the Group achieved a revenue of $542.8 million, 10% higher than the $493.8 million recorded last year. The increase was mainly attributable to income recognition from the Tomlinson Heights condominium development on percentage of completion basis as well as better performances by the Group's hotels and resorts, especially those in Singapore and the Maldives.

The Group's share of results of associates and jointly controlled entities has also improved significantly from $33.1 million for the year 2011 to $52.6 million for the year ended December 31, 2012, mainly due to higher profit recognised from The Interlace condominium development at Alexandra Road, Singapore, and the d'Leedon condominium development at Farrer Road, Singapore.

Group profit before tax and fair value changes in investment properties for the year ended December 31, 2012, amounted to $131.9 million, compared to $91.9 million last year.

After adjusting for fair value gain on investment properties of $27.6 million (2011: Nil), income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2012, was $129.7 million compared to $70.4 million last year.

HOTELS

The Hotel Division continues to enjoy strong earnings from its portfolio of 28 luxurious hotels and resorts across 13 countries namely Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Seychelles, Vanuatu, the United States of America, Czech Republic and most recently Tanzania, South Africa and People's Republic of China. Our Singapore hotels performed very well as tourist arrivals to the city state reached 14 million in 2012 and continue to demonstrate a robust trend. All segments of the hospitality benefited from these arrivals.

Our hotels accordingly were a direct beneficiary of this trend. Also, in the Maldives, our 5 hotels continue to perform well as interests in the Maldives continue to be high with demand from Europe and People's Republic of China being the main sources of demand.

Following this trend, our hotels in Malaysia and Indonesia have seen demand continue to grow as the respective domestic economies have experienced robust growth resulting in more regional travel. Overall, all properties have performed well and continue to enjoy good prospects for the coming year.

PROPERTIES

In Singapore, with enhanced promotional schemes for d'Leedon and The Interlace, significant sales have been achieved.

In London, the Group is currently working on plans to redevelop the recently acquired property at 29-30 Old Burlington Street.

PROSPECTS

The global economic outlook remains uncertain. Competitive pressure on room rates and escalating operating costs are also some of the challenges expected for the Group's hotel business. The Group will continue its strategy of owning and operating hotels and resorts under strong hospitality brands and in diversified locations.

On the property front, the Singapore market has been dampened by the series of cooling measures implemented by the government. Nevertheless, the demand for quality developments in good locations is expected to be sustainable, especially from first-time local buyers.

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 3.5 cents per ordinary share for the year ended December 31, 2012.

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 contributions throughout the year.

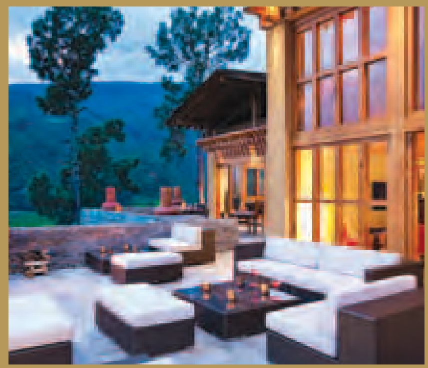
Joseph Grimberg
Chairman
March 25, 2013

Hotels










Business Review

Hotels

The Hotel Division now has a hotel portfolio of 28 luxurious hotels and resorts. With Singapore as its home base, the hotel portfolio has spread to 12 other countries namely Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Seychelles, Vanuatu, the United States of America, Czech Republic and most recently Tanzania, South Africa and People's Republic of China.

Our Singapore hotels, namely, Four Seasons Hotel, Hilton Hotel and Concorde Hotel performed well as a result of large tourist arrivals to the Republic. Singapore as a destination continues to attract high tourism numbers with the introduction of new attractions and world-class events throughout the year.

In Malaysia and Indonesia both our Hard Rock Hotel Penang and Bali continue to be a draw to families and younger guests with its music inspired themes and huge sand pools. Hard Rock Hotel Penang also won Travelers' Choice 2012 Award for Top 25 hotels in Malaysia. In Indonesia, Four Seasons Sayan also won Travelers' Choice 2013 Top 25 hotels in Indonesia award.

In the Maldives, Four Seasons Resort Kuda Huraa and Four Seasons Resort Landaa

The Hotel Division now has a hotel portfolio of 28 luxurious hotels and resorts.

Giraavaru won the prestigious 'Doing It All' Condé Nast Traveler World Savers Awards in 2012. The award honours the resorts for its continual efforts in making a difference in five areas of social responsibility: Wildlife Conservation, Preservation (Environment and Cultural), Health Initiatives, Poverty Relief and Education. Four Seasons Resort Kuda Huraa was also named by Travelers' Choice 2013 as one of the Top 25 hotels in the world. We also acquired our fifth resort in the Maldives, Gili Lankanfushi. The 45 key over-water villas on the Lankanfushi island situated in the Male Atoll is at the forefront of luxury ecotourism. Constructed out of natural materials and preserved by with recycling methods the

resort is a stunning example of eco-tourism. The award winning spa has a worldwide following. At the World Travel Awards 2012, our latest Gili Lankanfushi was named as the Indian Ocean's Leading Spa Resort and Maldives' Leading Luxury Resort.

In the Czech Republic, our Mandarin Oriental, Prague won The Czech Republic Leading Hotel at the World Travel Awards, along with a string of other prestigious awards in 2012. Once a monastery, its 99 rooms and suites, acclaimed dining establishments and award-winning spa, offers the discerning traveller a peaceful retreat with legendary asian service together with a design infused with medieval charm.

In Tanzania, our acquisition of Bilila Lodge was re-launched as Four Seasons Safari Lodge Serengeti. The safari lodge is situated in the Serengeti National Park of Tanzania, a UNESCO World Heritage Site. It has a total accommodation of 60 rooms, 12 suites and 5 villas. Elevated wooden walkways keep you safely above the animals while providing a superior viewing perspective. Together with the luxury of a spa, travel weary guests are able to be totally pampered. The focal point is the outdoor infinity pool next to an active watering hole where guests are able to see wild life within close proximity yet affording them total safety.

In September 2012, our associate launched our first hotel in China, the Four Seasons Hotel Pudong, Shanghai. This is our eighth

Four Seasons hotel. The hotel has 187 luxurious guest rooms including 15 suites and is situated in Shanghai's financial district of Pudong. This ultra-luxury hotel features luxurious amenities such as VIP Spa Suites as well as an indoor infinity edge pool that overlooks the Oriental Pearl Tower, the spectacular Shanghai skyline and the Huangpu river.

During the year, we acquired The Westcliff hotel in Johannesburg, South Africa. The hotel is set on a cliff in a picturesque garden estate. Its swimming pool and private terraces overlook the adjacent zoological gardens and affording spectacular views of the city. Located in the exclusive north suburbs of Johannesburg, it is within close proximity of the business district, shopping centers and restaurants. The hotel has 80 spacious bedrooms and 35 suites.

The Hotel Division continues to be focused and selective in renewing and growing opportunities that can meet the ever-changing demands of travel savvy consumers. We are confident that the Division will continue to contribute strongly to the Group in 2013.

Properties

Business Review

Properties

Over the years, the Property Division has established itself as a prominent luxury property developer in the Asia Pacific Region. Some of our iconic completed developments include Cuscaden Residence, Nassim Jade and Robertson Blue in Singapore as well as The Met condominium in Bangkok, Thailand.

Our three ongoing property developments in Singapore are Tomlinson Heights and our joint venture projects with CapitaLand, The Interlace condominium and d'Leedon condominium.

Tomlinson Heights is an up-market 36-storey freehold residential development in the prime district 10 and offers its occupants unobstructed views of Orchard Road and Scotts Road - stretching towards Botanic Gardens, Dempsey and beyond.

Tomlinson Heights has an enviable north-south orientation and is within the lush localities of One Tree Hill and good-class-bungalow zones.

The condominium is within close proximity to Orchard Road - Singapore's prime shopping belt and to a host of entertainment and retail hotspots such as ION Orchard and top educational institutions such as Raffles Girls' School. Tranquility corners, cabanas outdoor sitting areas and concierge services are just some of the development's key lifestyle features and facilities. This further positions Tomlinson Heights as a desirable choice for buyers seeking a high-end residence with the conveniences of city living.

Over the years, the Property Division has established itself as a prominent luxury property developer in the Asia Pacific Region.

Creatively designed, the wave-like fluidity of its facade reflects adaptation and evolution. The floor-to-ceiling windows of its 70 units ushers the beauty of the surrounding cityscape right into the privacy of the living room. Coupled with its sleek curvilinear architecture, Tomlinson Heights is an artistic addition to the city's skyline.

Designed by the critically-acclaimed Pritzker Architecture Prize winner, Zaha Hadid is the Property Division's d'Leedon condominium, a joint venture project with CapitaLand. Its seven 36-storey high residential towers span over 840,049 square feet of prime District 10 land and offer unobstructed views of the verdant expanse of Botanic Gardens and the Bukit Timah Nature Reserves.

The Property Division's other joint venture project with CapitaLand is The Interlace condominium. Conceptualised by none other than Ole Scheeren, partner of the Office for Metropolitan Architecture (OMA) who also worked on the Prada Epicenters in New York, the innovatively designed 1,040 unit estate sits on an elevated eight-hectare site amidst the verdant green belt at the Southern Ridges of Singapore. Ole Scheeren's vision for the iconic project was to explore a dramatically unique approach to tropical living with expansive and interconnected network of communal spaces with the natural and lush surroundings. This vision is realised via its 31 blocks, each hexagonally stacked to form eight large-scale courtyards - resembling a 'vertical village' with cascading sky gardens and roof terraces.

Over in Bangkok, Thailand, our architectural marvel - The Met continues to be one of the most award-winning condominium locally. Some of The Met's internationally acclaimed awards include the World's Best Housing Development by the World Architecture Festival Awards and the Jorn Utzon Award for International Architecture by the Australian Institute of Architects National Architecture Awards.

Expanding its property portfolio in central London, the Property Division, through a joint venture, acquired a freehold property located at 29-30 Old Burlington Street. This 2012 acquisition is in the heart of east Mayfair

area and within the borough of Westminster, central London. Mayfair is one of London's most prestigious retail and residential areas and contains famous retail streets in the United Kingdom, including (New and Old) Bond Street. It is well served by public transport with the Bond Street and Oxford Circus underground stations and numerous bus routes in the vicinity.

The property spans a total land area of approximately 14,890 square feet and is presently a tenanted commercial property, comprising of offices, retail and F&B outlets.

Our other commercial assets in London are the iconic landmark Derry and Toms building at Kensington High Street – a mixed-use development, an office building at Derry Street and a residential building at Kensington Square.

In Singapore, we also own shop units at Concorde Shopping Mall and Forum the Shopping Mall - home to high-end designers like Issey Miyake and the multi-label boutique Club 21*b*.

Corporate Information

BOARD OF DIRECTORS

Chairman
Joseph Grimberg

Managing Director
Ong Beng Seng

Members
Christopher Lim Tien Lock
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng

NOMINATING COMMITTEE

Chairman
Leslie Mah Kim Loong

Members
Joseph Grimberg
David Fu Kuo Chen

REMUNERATION COMMITTEE

Chairman
Joseph Grimberg

Members
Michael S. Dobbs-Higginson
Ong Beng Seng

AUDIT COMMITTEE

Chairman
Arthur Tan Keng Hock

Members
Leslie Mah Kim Loong
Michael S. Dobbs-Higginson

SECRETARIES

Chuang Sheue Ling
Lo Swee Oi

PRINCIPAL BANKERS

OCBC Bank
DBS Bank
United Overseas Bank

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants,
Singapore
Partner-in-charge
Cheung Pui Yuen
(appointed on April 27, 2012)

REGISTRAR

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Singapore 048623
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REGISTERED OFFICE

50 Cuscaden Road
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Singapore 249724
Telephone: 6734 5250

Financial Statements 2012

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, 2012.

1. DIRECTORS

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

Joseph Grimberg
Ong Beng Seng
Christopher Lim Tien Lock
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock
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	120,597,680**	121,097,680**
Christopher Lim Tien Lock	577,000	703,500
David Fu Kuo Chen	869,000	869,000
Stephen Lau Buong Lik	121,000	116,000

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	2,165,000	2,615,000
Stephen Lau Buong Lik	1,795,000	1,870,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	1,068,000	941,500
Stephen Lau Buong Lik	928,000	818,000

* 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, 2012, 117,797,680 (as at January 1, 2012, 117,297,680) 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 Ong Beng Seng's change of interest from 121,097,680 to 123,297,680 on January 10 and 11, 2013, there were no other changes in the above directors' interests as at January 21, 2013.

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5. SHARE OPTIONS AND PERFORMANCE SHARES

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

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

Joseph Grimberg (Chairman)
Michael S. Dobbs-Higginson
Ong Beng Seng

a) Share Options Granted

On August 24, 2012 ("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 $2.02 per ordinary share ("Offering Price").

The options may be exercised during the period from August 24, 2014 to August 23, 2022, 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 755,000 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 1/1/12 or date of grant if later	Exercised	Balance at 31/12/12		
Pursuant to Scheme 2000					
28/02/2005	220,000	–	220,000	$1.000	28/02/2007 – 27/02/2015
17/03/2006	1,815,000	755,000	1,060,000	$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	–	1,050,000	$1.720	13/10/2011 – 12/10/2019
29/03/2010	2,240,000	–	2,240,000	$1.770	29/03/2012 – 28/03/2020
Total	7,695,000	755,000	6,940,000		
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
Total	3,160,000	–	3,160,000		

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	4,015,000	1,400,000	2,615,000
Stephen Lau Buong Lik	350,000	2,945,000	1,075,000	1,870,000

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, 2012		Released	Balance as at December 31, 2012	
	No. of holders	No. of shares	No. of shares	No. of holders	No. of shares
2008	2	236,500	236,500	–	–
2011	2	1,759,500	–	2	1,759,500
Total		1,996,000	236,500		1,759,500

Report of The Directors

6. AUDIT COMMITTEE

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

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

7. AUDITORS

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

ON BEHALF OF THE DIRECTORS

Joseph Grimberg

Ong Beng Seng

March 25, 2013

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 25 to 80 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, 2012, 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

Joseph Grimberg

Ong Beng Seng

March 25, 2013

Independent Auditors' Report

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 statements of financial position of the Group and the Company as at December 31, 2012, and the income statement, statement of 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 notes, as set out on pages 25 to 80.

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, 2012, 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 Certified Public Accountants
Singapore

March 25, 2013

Statements of Financial Position

December 31, 2012

	Note	Group 2012 $'000	Group 2011 $'000 (restated)	Group 2010 $'000 (restated)	Company 2012 $'000	Company 2011 $'000
ASSETS						
Current assets						
Cash and cash balances	6	83,189	76,232	84,032	9,754	11,920
Held-for-trading investments	7	3,342	13,374	1,940	–	–
Available-for-sale investments	16	16,207	–	–	–	–
Trade and other receivables	8	40,630	36,837	85,414	2,964	2,521
Amount due from associates and jointly controlled entities	12	43,882	41,958	45,053	7,731	8,451
Amount due from subsidiaries	15	–	–	–	646,013	527,853
Inventories	9	8,178	8,416	7,951	620	669
Development properties	10	271,750	295,024	290,883	–	–
Completed properties held for sale	11	28,344	38,207	54,138	–	–
Total current assets		495,522	510,048	569,411	667,082	551,414
Non-current assets						
Associates and jointly controlled entities	12	694,472	514,841	479,423	1,061	1,061
Subsidiaries	15	–	–	–	684,324	725,610
Available-for-sale investments	16	9,417	28,342	20,790	–	–
Other long-term receivables and prepayments	17	440	552	630	–	–
Property, plant and equipment	18	962,374	995,799	990,864	226,351	227,859
Investment properties	19	661,626	633,560	633,560	–	–
Deferred tax assets	23	2,307	1,936	657	–	–
Intangible assets	20	6,964	10,565	12,139	–	–
Total non-current assets		2,337,600	2,185,595	2,138,063	911,736	954,530
Total assets		**2,833,122**	**2,695,643**	**2,707,474**	**1,578,818**	**1,505,944**
LIABILITIES AND EQUITY						
Current liabilities						
Bank loans	21	133,968	240,547	450,831	89,970	137,938
Trade and other payables	22	95,708	99,812	95,040	25,515	24,730
Derivative financial instruments		–	–	1,207	–	–
Amount due to subsidiaries	15	–	–	–	44,456	44,456
Income tax payable		12,027	11,383	9,847	895	632
Total current liabilities		241,703	351,742	556,925	160,836	207,756
Non-current liabilities						
Long-term bank loans	21	856,025	852,991	693,888	294,078	333,858
Other long-term liabilities	21	3,038	3,963	7,185	–	–
Advances from subsidiaries	15	–	–	–	129,804	128,781
Deferred tax liabilities	23	17,175	14,534	13,912	939	1,124
Total non-current liabilities		876,238	871,488	714,985	424,821	463,763
Capital, reserves and non-controlling interests						
Share capital	24	686,139	684,530	683,926	686,139	684,530
Reserves		789,531	710,483	668,354	158,675	149,895
Equity attributable to owners of the Company		1,475,670	1,395,013	1,352,280	844,814	834,425
Perpetual capital securities	26	148,347	–	–	148,347	–
		1,624,017	1,395,013	1,352,280	993,161	834,425
Non-controlling interests		91,164	77,400	83,284	–	–
Total equity		1,715,181	1,472,413	1,435,564	993,161	834,425
Total liabilities and equity		**2,833,122**	**2,695,643**	**2,707,474**	**1,578,818**	**1,505,944**

See accompanying notes to financial statements.

Consolidated Income Statement

Year ended December 31, 2012

	Note	Group 2012 $'000	Group 2011 $'000
Revenue	27	542,838	493,825
Cost of sales		(378,230)	(349,366)
Gross profit		164,608	144,459
Other operating income	28	6,586	2,527
Administrative expenses		(57,818)	(55,518)
Other operating expenses	28	(8,865)	(3,370)
Finance costs		(25,209)	(29,300)
Share of results of associates and jointly controlled entities before fair value changes in investment properties		52,561	33,112
Profit before income tax and fair value changes in investment properties		131,863	91,910
Fair value gain in investment properties	19	28,065	–
Share of fair value loss in investment properties of associates		(486)	–
Profit before income tax	28	159,442	91,910
Income tax expense	29	(20,340)	(13,476)
Profit for the year		139,102	78,434
Attributable to:			
Owners of the Company		129,698	70,441
Non-controlling interests		9,404	7,993
		139,102	78,434
Earnings per share (Cents):	30		
– basic		25.62	13.93
– diluted		25.49	13.92

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2012

	Group 2012 $'000	Group 2011 $'000
Profit for the year	139,102	78,434
Other comprehensive income (net of tax):		
Exchange differences on translating foreign operations	(20,978)	(3,274)
Increase in hedge reserve	–	1,207
Decrease in other capital reserve	(610)	(589)
Share of other comprehensive income of associates and jointly controlled entities	(1,769)	(1,470)
Other comprehensive loss for the year, net of tax	(23,357)	(4,126)
Total comprehensive income for the year	115,745	74,308
Attributable to:		
Owners of the Company	107,760	65,937
Non-controlling interests	7,985	8,371
	115,745	74,308

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2012

Group	Share capital $'000	Retained profits $'000	Other reserves $'000 (Note 25)	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
Balance as at January 1, 2011, as previously reported	683,926	529,234	129,940	1,343,100	–	1,343,100	81,686	1,424,786
Effect of adopting Amendments to FRS 12	–	9,180	–	9,180	–	9,180	1,598	10,778
Balance as at January 1, 2011, as restated	683,926	538,414	129,940	1,352,280	–	1,352,280	83,284	1,435,564
Final dividends for the previous year, paid (Note 31)	–	(25,286)	–	(25,286)	–	(25,286)	–	(25,286)
Share-based payments during the year	–	–	1,972	1,972	–	1,972	–	1,972
Total comprehensive income (loss) for the year	–	70,441	(4,504)	65,937	–	65,937	8,371	74,308
Net movement during the year	–	–	–	–	–	–	(14,255)	(14,255)
Transfer during the year	494	–	(494)	–	–	–	–	–
Issue of shares	110	–	–	110	–	110	–	110
Balance as at December 31, 2011, as restated	**684,530**	**583,569**	**126,914**	**1,395,013**	**–**	**1,395,013**	**77,400**	**1,472,413**
Final dividends for the previous year, paid (Note 31)	–	(25,303)	–	(25,303)	–	(25,303)	–	(25,303)
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)
Share-based payments during the year	–	–	1,968	1,968	–	1,968	–	1,968
Total comprehensive income (loss) for the year	–	129,698	(21,938)	107,760	–	107,760	7,985	115,745
Net movement during the year	–	–	–	–	–	–	5,779	5,779
Transfer during the year	745	–	(745)	–	–	–	–	–
Issue of shares	864	–	–	864	–	864	–	864
Balance as at December 31, 2012	**686,139**	**683,332**	**106,199**	**1,475,670**	**148,347**	**1,624,017**	**91,164**	**1,715,181**

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2012

Company	Share capital $'000	Retained profits $'000	Other reserves $'000 (Note 25)	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Total equity $'000
Balance as at January 1, 2011	683,926	35,252	115,555	834,733	–	834,733
Final dividends for the previous year, paid (Note 31)	–	(25,286)	–	(25,286)	–	(25,286)
Share-based payments during the year	–	–	1,972	1,972	–	1,972
Total comprehensive income (loss) for the year	–	22,896	–	22,896	–	22,896
Transfer during the year	494	–	(494)	–	–	–
Issue of shares	110	–	–	110	–	110
Balance as at December 31, 2011	**684,530**	**32,862**	**117,033**	**834,425**	**–**	**834,425**
Final dividends for the previous year, paid (Note 31)	–	(25,303)	–	(25,303)	–	(25,303)
Issue of perpetual capital securities (Note 26)	–	–	–	–	148,347	148,347
Distribution to perpetual capital securities holders	–	(4,632)	–	(4,632)	–	(4,632)
Share-based payments during the year	–	–	1,968	1,968	–	1,968
Total comprehensive income (loss) for the year	–	37,492	–	37,492	–	37,492
Transfer during the year	745	–	(745)	–	–	–
Issue of shares	864	–	–	864	–	864
Balance as at December 31, 2012	**686,139**	**40,419**	**118,256**	**844,814**	**148,347**	**993,161**

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2012

	Group 2012 $'000	Group 2011 $'000
Cash flows from operating activities		
Profit before income tax and share of results of associates and jointly controlled entities	107,367	58,798
Adjustments for:		
Amortisation of intangible assets	322	327
Depreciation expense	50,113	49,871
Share-based payments expense	1,968	1,972
Property, plant and equipment written off	–	63
Impairment of intangible assets	3,088	1,189
Impairment of available-for-sale investments	1,483	–
Fair value gain in investment properties	(28,065)	–
Net gain on disposal of available-for-sale investments	–	(240)
Loss (Gain) on liquidation of associates/jointly controlled entity	60	(260)
Gain on disposal of property, plant and equipment	(192)	(220)
Finance costs	25,209	29,300
Interest income	(1,974)	(1,694)
Dividend income	(185)	(228)
Operating cash flows before movements in working capital	159,194	138,878
Trade and other payables	(2,337)	2,033
Completed properties held for sale	8,729	13,913
Development properties and expenditure	30,708	4,360
Receivables and prepayments	(5,010)	48,697
Held-for-trading investments	10,032	(11,434)
Inventories	(134)	(444)
Cash generated from operations	201,182	196,003
Dividend received	185	228
Income tax paid	(17,032)	(12,562)
Net cash from operating activities	184,335	183,669
Investing activities		
Additional available-for-sale investments	–	(8,000)
Additional property, plant and equipment	(40,070)	(57,213)
Net investment in associates and jointly controlled entities	(138,361)	(947)
Proceeds from disposal of available-for-sale investments	–	240
Proceeds from liquidation of associates	–	260
Proceeds from disposal of property, plant and equipment	1,029	1,485
Net cash used in investing activities	(177,402)	(64,175)

	Group 2012 $'000	Group 2011 $'000
Financing activities		
Interest received	1,974	1,694
Finance costs paid	(31,520)	(35,782)
Dividend paid	(25,303)	(25,286)
Distribution to perpetual capital securities holders	(4,632)	–
Advances from (Repayment to) non-controlling shareholders	6,664	(13,396)
Additional borrowings	251,465	247,610
Repayment of borrowings	(345,532)	(301,700)
Decrease (Increase) in deposits under pledge to bank	195	(3,076)
Net proceeds from issue of perpetual capital securities	148,347	–
Proceeds from issue of shares	864	110
Net cash from (used in) financing activities	2,522	(129,826)
Net increase (decrease) in cash and cash equivalents	9,455	(10,332)
Cash and cash equivalents at beginning of year	72,477	83,337
Effect of exchange rate changes on cash balances held in foreign currencies	(2,105)	(528)
Cash and cash equivalents at end of year	79,827	72,477

The cash and cash equivalents as at December 31, 2012, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash 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, 2012 were authorised for issue by the Board of Directors on March 25, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2012. 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 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

The Group adopted the amendments to FRS 12 on January 1, 2012. The amendments introduce an exception to the principle when deferred tax assets or deferred tax liabilities arise from:

investment property measured using the fair value model in FRS 40 *Investment Property*; and investment property acquired in a business combination if it is subsequently measured using the fair value model in FRS 40.

Previously, the Group measured deferred tax assets and deferred tax liabilities arising from investment properties to reflect the tax consequences that would follow from the manner in which the Group expected to recover the carrying amount of its investment properties (which may differ depending on whether the recovery is from use or from sale or from both). Such manner of recovery was based on estimates of future transactions based on current intention.

The amendments introduce a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group has not rebutted the presumption, and has provided for deferred taxes on the basis that the carrying amounts of its investment properties will be recovered entirely from sale.

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

- Amendments to FRS 1 *Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income*
- 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*
- FRS 113 *Fair Value Measurement*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities*
- *Annual Improvements to FRS 2012*

Amendments to FRS 1 *Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income ("OCI")*

The amendment on Other Comprehensive Income ("OCI") presentation will require the Company to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax. Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after July 1, 2012, with full retrospective application.

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

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

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.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*. FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope. The disclosure requirements in FRS 113 are more extensive than those required in the current standards. FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities*

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 107 required entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar agreement.

The amendments to FRS 107 are required for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014 with retrospective application required.

Annual Improvements to FRS 2012

The Annual Improvements include a number of amendments to various FRSs. The amendment are effective for annual periods beginning on or after January 1, 2013. The amendments include:

- Amendments to FRS 16 *Property, Plant and Equipment*; and
- Amendments to FRS 32 *Financial Instruments: Presentation – Income taxes relating to equity transactions*

Amendments to FRS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in FRS 16 and as inventory if otherwise.

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

Amendments to FRS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with FRS 12 *Income Taxes*.

Management is currently evaluating the impact of these FRSs and amendments.

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 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.

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.

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

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.

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 equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

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

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

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

Financial liabilities and equity instruments

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

Financial liabilities

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

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

Equity instruments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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

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

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

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

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES - An associate is an 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.

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

The results and assets and liabilities of associates and jointly controlled entities (collectively referred to as "equity accounted investees") are incorporated in these 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.

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

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

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.

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.

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

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 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.

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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24.

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

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.

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.

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

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except where they arise from the initial accounting for a business combination, in which case the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

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

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

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.

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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial assets				
Held-for-trading investments	3,342	13,374	–	–
Advances and receivables (including cash and cash balances)	157,032	145,307	665,517	550,219
Available-for-sale investments	25,624	28,342	–	–
Financial liabilities				
Other financial liabilities	1,088,739	1,197,313	583,823	669,763

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 $2.8 million and $2.3 million respectively (2011: $2.9 million and $2.5 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, Australian dollars, Chinese renminbi, Indonesian rupiah, 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		Assets	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
United States dollars	64,909	36,804	51,898	22,105	635	8
Sterling pounds	99,957	17,118	32,219	32,900	21	223
Australian dollars	15,720	16,445	16,819	17,029	–	–
Chinese renminbi	–	–	38,446	36,001	–	–
Indonesian rupiah	6,121	6,338	3,257	4,183	–	–
Thai baht	–	–	56,236	55,762	–	–
Malaysian ringgit	–	–	10,500	11,389	–	–

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		Australian dollar impact		Chinese renminbi impact	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Group								
Profit before tax	(745)	(781)	(2)	(22)	(61)	(70)	–	–
Other equity	2,046	2,251	6,776	(1,556)	(49)	12	(3,845)	(3,600)
Company								
Profit before tax	(64)	(1)	(2)	(22)	–	–	–	–

	Indonesian rupiah impact		Thai baht impact		Malaysian ringgit impact	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Group						
Profit before tax	286	216	–	–	–	–
Other equity	–	–	(5,624)	(5,576)	(1,050)	(1,139)
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.

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

Credit risk management

The Group has a diversified portfolio of businesses and at the end of the reporting period, there was no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. The Group and the Company have considered the credit quality of the advances and receivables and determined that the amounts are considered recoverable except as disclosed.

The carrying amount of advances and receivables (including cash and cash 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					
2012					
Non-interest bearing	95,464	95,464	95,464	–	–
Interest bearing	993,275	1,066,754	159,299	821,341	86,114
	1,088,739	1,162,218	254,763	821,341	86,114
2011					
Non-interest bearing	96,685	96,685	96,685	–	–
Interest bearing	1,100,628	1,181,723	271,920	850,057	59,746
	1,197,313	1,278,408	368,605	850,057	59,746
Company					
2012					
Non-interest bearing	69,971	69,971	69,971	–	–
Interest bearing	513,852	552,083	101,512	366,516	84,055
	583,823	622,054	171,483	366,516	84,055
2011					
Non-interest bearing	69,186	69,186	69,186	–	–
Interest bearing	600,577	648,645	154,025	437,323	57,297
	669,763	717,831	223,211	437,323	57,297

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

The Group and the Company have provided corporate guarantees of $37 million (2011: $46 million) and $512 million (2011: $529 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 Group and the Company have also obtained bankers' guarantees as disclosed in Note 21.

The Group's and the Company's financial assets are mainly due on demand or within 1 year.

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 (2011: $1.3 million) and $2.4 million (2011: $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, 2012 and December 31, 2011.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash 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 comprising mainly long-term borrowings 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.

Notes to Financial Statements
December 31, 2012

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).

	Total $'000	Level 1 $'000	Level 2 $'000
Group			
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
2011			
Financial assets			
Held-for-trading investments	13,374	13,374	–
Available-for-sale investments	28,342	24,285	4,057
Total	41,716	37,659	4,057

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	
	2012 $'000	**2011 $'000**
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	814	924
Management fee income	(404)	-
Rental income	(13,387)	(13,392)
Transactions with associates:		
Management fee income	(1,772)	(1,629)

5 RELATED PARTY TRANSACTIONS (cont'd)

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

	Group 2012 $'000	Group 2011 $'000
Short-term benefits	15,048	11,190
Post-employment benefits	344	303
Share-based payments	1,672	1,542
	17,064	13,035

6. CASH AND CASH BALANCES

a) As at December 31, 2012, cash and cash balances of approximately $3,362,000 (2011: $3,755,000) were pledged to the banks to secure certain credit facilities.

b) Included in cash and cash balances is an amount of approximately $18,090,000 (2011: $5,965,000) 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 2.5% (2011: 0% to 2.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

d) Significant cash and cash balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
United States dollars	7,114	7,799	635	8
Sterling pounds	23	225	21	223
Australian dollars	218	294	–	–
Indonesian rupiah	948	1,561	–	–

7. HELD-FOR-TRADING INVESTMENTS

	Group 2012 $'000	Group 2011 $'000
Quoted equity shares, at fair value	3,342	13,374

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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade receivables	27,773	25,719	1,808	1,748
Less: Allowances for doubtful receivables	(244)	(350)	–	(12)
	27,529	25,369	1,808	1,736
Deposits	2,929	1,961	643	242
Other receivables	2,432	1,748	211	259
Prepayments	7,740	7,759	302	284
Total	40,630	36,837	2,964	2,521
Movement in allowance for doubtful receivables:				
Balance at beginning of year	350	472	12	23
Amount written off during the year	(237)	(139)	(3)	(78)
Net increase (decrease) in allowance recognised in profit or loss	139	19	(9)	67
Exchange realignment	(8)	(2)	–	–
Balance at end of year	244	350	–	12

Interest is charged at rates ranging from 14% to 18% (2011: 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 $3.9 million (2011: $3.3 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 are 51 days (2011: 45 days).

Significant trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2012 $'000	Group 2011 $'000
Indonesian rupiah	2,310	2,622
United States dollars	817	371
Australian dollars	394	409

9. INVENTORIES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Saleable merchandise	5,894	6,001	620	644
Operating supplies	2,284	2,415	–	25
Total	8,178	8,416	620	669

10. DEVELOPMENT PROPERTIES

	Group 2012 $'000	Group 2011 $'000
Cost incurred and attributable profits	402,083	354,606
Less: Progress payments received	(130,333)	(59,582)
Net	271,750	295,024

Finance costs of $7,403,000 (2011: $8,446,000) arising from financing specifically entered into for the development properties were capitalised during the year. The rates of interest relating to finance costs capitalised ranged from 2.0% to 3.4% (2011: 1.9% to 4.0%) per annum.

11. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	36 (2011: 47) condominium units with an aggregate floor area of approximately 77,233 (2011: 100,900) square feet

12. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Associates (Note 13)	539,818	441,741	1,061	1,061
Jointly controlled entities (Note 14)	154,654	73,100	–	–
	694,472	514,841	1,061	1,061
Amount due from associates – current (Note 13)	43,882	41,958	7,731	8,451

13 ASSOCIATES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Cost of investments in associates[1]	224,672	174,557	245	245
Share of post-acquisition results and reserves net of dividend received	(129,652)	(150,245)	–	–
Advances to associates[2]	444,798	417,429	816	816
Net	539,818	441,741	1,061	1,061

[1] During the financial year, equity contribution of $31,146,000 (2011: $6,489,000) was made in an associate of the Group in which a director is deemed to have interest.

[2] Advances to associates are in substance net investment in the associates.

As at December 31, 2012, 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 $6,974,000 (2011: $6,408,000) due to the Group which bears interest ranging from 6.0% to 8.3% (2011: 3.0% to 8.3%) per annum.

Significant advances to associates and amount due from associates that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2012 $'000	Group 2011 $'000
Non-current:		
Malaysian ringgit	9,704	10,613
United States dollars	17,283	–
Sterling pounds	32,196	32,675
Chinese renminbi	32,267	32,677
Current:		
Malaysian ringgit	796	776
United States dollars	9,417	10,009
Chinese renminbi	6,179	3,324

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

13. ASSOCIATES (cont'd)

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

	Group 2012 $'000	2011 $'000
Statement of financial position		
Total assets	4,971,506	4,502,714
Total liabilities	(4,629,064)	(4,435,632)
Net assets	342,442	67,082
Income statement		
Revenue	1,234,084	771,683
Profit for the year	197,283	124,453
Group's share of results of associates	52,210	33,130

14. JOINTLY CONTROLLED ENTITIES

	Group 2012 $'000	2011 $'000
Cost of investments in jointly controlled entities	93,762	27,274
Share of post-acquisition results and reserves	(11,358)	(10,925)
Advances to jointly controlled entities	72,250	56,751
Total	154,654	73,100

As at December 31, 2012, the advances to a jointly controlled entity of $56,236,000 (2011: $55,762,000) bears interest at a weighted average rate of 6.5% (2011: 6.2%) per annum and is substantially secured by a property of the jointly controlled entity.

Significant advances to jointly controlled entities that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2012 $'000	2011 $'000
Non-current:		
United States dollars	16,013	–
Thai Baht	56,236	55,762

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

14. JOINTLY CONTROLLED ENTITIES (cont'd)

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

	Group 2012 $'000	2011 $'000
Statement of financial position		
Total assets	331,610	102,299
Total liabilities	(195,129)	(63,554)
Net assets	136,481	38,745
Income statement		
Revenue	1,250	–
Loss for the year	(4,748)	(4,033)
Group's share of results of jointly controlled entities	(135)	(18)

15. SUBSIDIARIES

	Company 2012 $'000	2011 $'000
Total advances to subsidiaries	1,197,676	1,112,602
Less: Impairment loss	(18,417)	(16,017)
	1,179,259	1,096,585
Less: Amount due from subsidiaries classified as current asset	(646,013)	(527,853)
Non-current advances to subsidiaries	533,246	568,732
Unquoted equity shares, at cost	151,078	156,878
Total	684,324	725,610

As at December 31, 2012, advances to subsidiaries of $533,246,000 (2011: $568,732,000) bear interest at rates ranging from 1.2% to 3.6% (2011: 0.7% to 4.2%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $646,013,000 (2011: $527,853,000) 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, 2012, the amounts due to subsidiaries of $44,456,000 (2011: $44,456,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $129,804,000 (2011: $128,781,000) bear interest at rates ranging from 1.4% to 2.6% (2011: 1.4% to 2.6%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $13,067,000 (2011: $11,764,000).

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

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2012 $'000	2011 $'000
Current:		
Quoted debt securities, at fair value	16,207	–
Non-Current:		
Unquoted equity shares, at fair value	1,385	4,057
Quoted debt securities, at fair value	8,032	24,285
Total	9,417	28,342

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 investments in unquoted equity shares at fair value include an impairment loss of $1.5 million (2011: $Nil). 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 rates ranging from 5.1% to 7.3% (2011: 5.1% to 7.3%) per annum.

Significant available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group 2012 $'000	2011 $'000
United States dollars	1,254	3,926
Australian dollars	16,207	16,326

17. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	Group 2012 $'000	2011 $'000
Prepaid rent	519	634
Less: Current portion of prepaid rent included in prepayments (Note 8)	(79)	(82)
	440	552

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, 2011	443,755	116,872	593,680	337,285	10,277	1,501,869
Additions	3,763	–	8,672	21,622	23,156	57,213
Reclassification	–	–	15,363	11,576	(26,939)	–
Disposals	–	–	(136)	(7,330)	–	(7,466)
Exchange realignment	(1,259)	–	1,181	421	96	439
At December 31, 2011	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
Comprising:						
December 31, 2011						
At cost	91,007	116,872	618,760	363,574	6,590	1,196,803
At valuation	355,252	–	–	–	–	355,252
	446,259	116,872	618,760	363,574	6,590	1,552,055
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
Accumulated depreciation:						
At January 1, 2011	12,422	28,899	212,141	257,258	–	510,720
Depreciation for the year	789	1,313	19,522	28,247	–	49,871
Disposals	–	–	(40)	(6,097)	–	(6,137)
Exchange realignment	151	–	799	573	–	1,523
At December 31, 2011	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
Impairment loss:						
At January 1, 2011	285	–	–	–	–	285
Exchange realignment	(6)	–	–	–	–	(6)
At December 31, 2011	279	–	–	–	–	279
Exchange realignment	(6)	–	–	–	–	(6)
At December 31, 2012	273	–	–	–	–	273
Carrying amount:						
At December 31, 2011	432,618	86,660	386,338	83,593	6,590	995,799
At December 31, 2012	428,344	85,347	368,686	74,422	5,575	962,374

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, 2011	208,800	24,890	91,757	663	326,110
Additions	–	–	3,591	341	3,932
Reclassifications	–	–	689	(689)	–
Disposals	–	–	(1,765)	–	(1,765)
At December 31, 2011	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
Comprising:					
December 31, 2011					
At valuation	208,800	–	–	–	208,800
At cost	–	24,890	94,272	315	119,477
	208,800	24,890	94,272	315	328,277
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
Accumulated depreciation:					
At January 1, 2011	–	16,616	79,653	–	96,269
Depreciation for the year	–	420	4,774	–	5,194
Disposals	–	–	(1,045)	–	(1,045)
At December 31, 2011	–	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
Carrying amount:					
At December 31, 2011	208,800	7,854	10,890	315	227,859
At December 31, 2012	208,800	7,434	9,858	259	226,351

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*.

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

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 $192 million (2011: $197 million) and $98 million (2011: $98 million) respectively.

As at December 31, 2012, certain property, plant and equipment with total carrying amount of $835 million (2011: $861 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 $395,000 (2011: $899,000) held under finance lease.

19. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to $28 million (2011: $27.8 million) and $8.6 million (2011: $8.6 million) respectively for the year ended December 31, 2012.

For the year ended December 31, 2012, fair value gain recognised amounted to $28.1 million (2011: $Nil).

Certain investment properties amounting to approximately $630 million as at December 31, 2012 (2011: $604 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, 2012 and 2011 have been determined by independent professional valuers based on open market values.

20. INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2011	11,197	6,339	17,536
Exchange realignment	60	(145)	(85)
At December 31, 2011	11,257	6,194	17,451
Exchange realignment	(345)	(116)	(461)
At December 31, 2012	10,912	6,078	16,990
Accumulated amortisation:			
At January 1, 2011	–	3,339	3,339
Amortisation charged against other operating expense	–	327	327
Exchange realignment	–	(67)	(67)
At December 31, 2011	–	3,599	3,599
Amortisation charged against other operating expense	–	322	322
Exchange realignment	–	(60)	(60)
At December 31, 2012	–	3,861	3,861

20. INTANGIBLE ASSETS (cont'd)

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Impairment loss:			
At January 1, 2011	2,058	–	2,058
Impairment charged against other operating expense	1,189		1,189
Exchange realignment	40	–	40
At December 31, 2011	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
Carrying amount:			
At December 31, 2011	7,970	2,595	10,565
At December 31, 2012	4,747	2,217	6,964

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 (2011: $8.0 million) respectively.

The recoverable amounts of the CGU are determined either from value-in-use calculations or professional valuations on properties held by the CGUs. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the period. Management estimates discount rates using pre-tax rate that reflect 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 are 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% (2011: ranged from 0% to 9%). The rate used to discount the forecasted cash flow was 5% (2011: ranged from 6% to 12%).

Arising from the above, an impairment loss of $3.1 million (2011: $1.2 million) was charged during the year.

21. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Due after twelve months				
Long-term bank loans	561,947	519,133	–	–
Notes payable	294,078	333,858	294,078	333,858
	856,025	852,991	294,078	333,858
Other long-term liabilities	3,038	3,488	–	–
Hire purchase creditors	–	475	–	–
	859,063	856,954	294,078	333,858

21. BORROWINGS AND OTHER LONG-TERM LIABILITIES (cont'd)

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Due within twelve months				
Current portion of long-term bank loans	43,998	102,609	–	–
Notes payable	89,970	137,938	89,970	137,938
	133,968	240,547	89,970	137,938
Current portion of other long-term liabilities (Note 22)	244	2,696	–	–
Current portion of hire purchase creditors (Note 22)	373	431	–	–
	134,585	243,674	89,970	137,938
Bankers' guarantees	25,535	25,682	482	617

a) During the year, bank loans (secured), notes payable (unsecured) and other long-term liabilities (secured) bear floating interest rates ranging from 1.2% to 7.1% (2011: 0.7% to 7.1%) per annum, and certain notes payable (unsecured) bear fixed interest rates ranging from 3.4% to 5.3% (2011: 3.4% to 5.3%) per annum. The carrying amount and fair value of these notes are $384,048,000 and $396,515,000 (2011: $471,796,000 and $486,684,000) respectively. The facilities are repayable from 2013 to 2026 (2011: 2012 to 2026).

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

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

d) The Group has a finance lease arrangement to acquire certain equipment. The lease term is 5 years and interest rate is fixed at 6% per annum. The minimum lease payments payable and its present value amounted to $0.4 million each (2011: $1.0 million and $0.9 million respectively). As at December 31, 2011, approximately 51% and 52% of the minimum lease payments and its present value were payable in the second to fifth year (inclusive) respectively.

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.

Significant bank loans that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2012 $'000	Group 2011 $'000
United States dollars	64,429	36,444
Sterling pounds	99,957	17,118
Australian dollars	15,720	16,445

22. TRADE AND OTHER PAYABLES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade payables	50,601	53,240	5,997	5,776
Accrued employee-related expenses	23,043	20,065	11,795	9,564
Accrued operating expenses	14,090	12,775	3,290	3,558
Amount payable relating to acquisition of capital assets	700	1,343	–	–
Current portion of other long-term liabilities (Note 21)	244	2,696	–	–
Current portion of hire purchase creditors (Note 21)	373	431	–	–
Due to companies in which certain directors have interests*	305	333	–	–
Interest payable to non-related companies	5,170	7,829	4,049	5,497
Others	1,182	1,100	384	335
Total	95,708	99,812	25,515	24,730

* 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 (2011: 1 to 2 months).

Significant trade and other payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group 2012 $'000	Group 2011 $'000
United States dollars	480	360
Indonesian rupiah	6,121	6,338

23. DEFERRED TAX ASSETS / LIABILITIES

	Group 2012 $'000	Group 2011 $'000 (restated)	Company 2012 $'000	Company 2011 $'000
Deferred tax assets	(2,307)	(1,936)	–	–
Deferred tax liabilities	17,175	14,534	939	1,124
Net	14,868	12,598	939	1,124

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

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
					(restated)
Group					
At January 1, 2011	(657)	9,037	202	4,673	13,255
Charge to (Reversal from) profit or loss	(90)	(690)	882	(779)	(677)
Exchange realignment	–	29	–	(9)	20
At December 31, 2011	(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

	Accelerated tax depreciation $'000
Company	
At January 1, 2011	1,308
Charge to profit or loss	(184)
At December 31, 2011	1,124
Charge to profit or loss	(185)
At December 31, 2012	939

24. SHARE CAPITAL AND OPTIONS

	Group and Company 2012 Number of ordinary shares	2011 Number of ordinary shares	2012 $'000	2011 $'000
Issued and fully paid:				
At beginning of year	506,067,851	505,721,351	684,530	683,926
Issue of shares	991,500	346,500	864	110
Transfer from option reserve account	–	–	745	494
At end of year	507,059,351	506,067,851	686,139	684,530

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

24. SHARE CAPITAL AND OPTIONS (cont'd)

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			
	2012		2011	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	9,275,000	2.04	7,805,000	2.06
Granted during the year	1,580,000	2.02	1,580,000	1.89
Exercised during the year	(755,000)	1.145	(110,000)	1.00
Outstanding at the end of the year	10,100,000	2.11	9,275,000	2.04
Exercisable at the end of the year	6,940,000	2.18	5,455,000	2.16

The weighted average market price at the date of exercise for share options exercised during the year was $2.70 (2011: $2.23). The options outstanding at the end of the year have a weighted average remaining contractual life of 6.4 (2011: 6.64) years.

The estimated fair value of the options granted during the year is $0.56 (2011: $0.70). The fair value determined using The Black-Scholes pricing model was based on a share price of $2.58 (2011: $2.35) at the date of grant, and an expected life of 2 years (2011: 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 30% (2011: 46%) based on historical volatility of the Company's share prices over the previous 2.5 years (2011: 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	
	2012	2011
	Number of performance shares	Number of performance shares
Outstanding at the beginning of the year	1,996,000	473,000
Granted during the year	–	1,759,500
Released during the year	(236,500)	(236,500)
Outstanding at the end of the year	1,759,500	1,996,000

24. SHARE CAPITAL AND OPTIONS (cont'd)

The estimated fair value of the performance shares granted during the previous financial year was $1.69. The fair value was determined based on market share price on grant date.

The Group recognised total expenses of $1,968,000 (2011: $1,972,000) 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, 2011	221,479	(96,870)	(3,370)	4,770	3,931	129,940
Share-based payments during the year	–	–	–	1,972	–	1,972
Total comprehensive income (loss) for the year	–	(7,236)	3,321	–	(589)	(4,504)
Transfer during the year	–	–	–	(494)	–	(494)
Balance as at December 31, 2011	221,479	(104,106)	(49)	6,248	3,342	126,914
Share-based payments during the year	–	–	–	1,968	–	1,968
Total comprehensive income (loss) for the year	–	(21,374)	20	–	(584)	(21,938)
Transfer during the year	–	–	–	(745)	–	(745)
Balance as at December 31, 2012	221,479	(125,480)	(29)	7,471	2,758	106,199

	Asset revaluation reserve $'000	Option reserve $'000	Total $'000
Company			
Balance as at January 1, 2011	110,785	4,770	115,555
Share-based payments during the year	–	1,972	1,972
Transfer during the year	–	(494)	(494)
Balance as at December 31, 2011	110,785	6,248	117,033
Share-based payments during the year	–	1,968	1,968
Transfer during the year	–	(745)	(745)
Balance as at December 31, 2012	110,785	7,471	118,256

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.

25. OTHER RESERVES (cont'd)

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	
	2012 $'000	**2011 $'000**
Sales	71,785	47,030
Hotel revenue	439,435	416,220
Rental income	28,151	27,848
Management fee	3,467	2,727
Total	542,838	493,825

Included in sales is an amount of $59,881,000 (2011: $29,310,000) being revenue recognised based on percentage of completion method on development properties.

28. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2012 $'000	**2011 $'000**
Staff costs (including share-based payments)	119,689	112,805
Cost of defined contribution plans included in staff costs	7,140	6,612
Cost of inventories recognised as expense	87,554	69,298
Depreciation and amortisation	50,435	50,198
Audit fees paid to auditors:		
Auditors of the Company	597	577
Other auditors	418	428
Non-audit fees paid to auditors:		
Auditors of the Company	17	37
Other auditors	64	56
Allowance for doubtful trade receivables*	139	19
Fair value (gain) loss on held-for-trading investments*	(4,031)	2,761
Property, plant and equipment written off*	–	63
Impairment loss on:		
Goodwill*	3,088	1,189
Available-for-sale investments*	1,483	–
Foreign exchange adjustment loss (gain) (net)*	303	(841)
Interest income*	(1,974)	(1,694)
Dividend income (gross)*	(185)	(228)
Net gain on disposal of available-for-sale investments*	–	(240)
Gain on disposal of property, plant and equipment*	(192)	(220)
Loss (Gain) on liquidation of associates/jointly controlled entity*	60	(260)

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

29. INCOME TAX EXPENSE

	Group 2012 $'000	2011 $'000
Current tax	18,822	15,459
Deferred tax	2,483	(677)
	21,305	14,782
Overprovision in prior years	(965)	(1,306)
	20,340	13,476

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2011: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group 2012 $'000	2011 $'000
Profit before income tax and share of results of associates and jointly controlled entities	107,367	58,798
Tax calculated at a tax rate of 17% (2011: 17%)	18,252	9,996
Non-deductible items (net)	383	4,314
Tax exemption	(287)	(252)
Utilisation of unabsorbed tax losses brought forward	(3)	(257)
Deferred tax asset on tax losses arising during the year not recorded	2,387	1,013
Effect of different tax rate of overseas operations	573	(32)
	21,305	14,782
Effective tax rate	19.8%	25.1%

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 $47,918,000 and $402,000 (2011: $45,025,000 and $347,000) 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 $35,879,000 (2011: $32,348,000) will expire within the next 5 years.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $2,768,000 arising in the previous year were transferred to the Company under the group relief system. These tax losses were transferred from certain subsidiaries of the Group at no consideration.

Notes to
Financial Statements
December 31, 2012

30. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to owners of the Company of $129,698,000 (2011: $70,441,000) divided by the weighted average number of ordinary shares of 506,284,796 (2011: 505,781,791) in issue during the year.

Diluted earnings per share is based on 508,951,795 (2011: 506,196,605) ordinary shares assuming the full exercise of outstanding share options and release of performance shares during the year and adjusted Group earnings of $129,718,000 (2011: $70,446,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group 2012 $'000	2011 $'000
Profit attributable to owners of the Company used to compute basic earnings per share	129,698	70,441
Adjusted profit attributable to owners of the Company used to compute diluted earnings per share	129,718	70,446

	Group 2012 No. of shares ('000)	2011 No. of shares ('000)
Weighted average number of ordinary shares used to compute basic earnings per share	506,285	505,782
Adjustment for potential dilutive ordinary shares	2,667	415
Weighted average number of ordinary shares used to compute diluted earnings per share	508,952	506,197
Basic earnings per share	25.62 cents	13.93 cents
Diluted earnings per share	25.49 cents	13.92 cents

31. DIVIDENDS

In 2011, 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 $25,286,000 in respect of the financial year ended December 31, 2010.

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.

Subsequent to December 31, 2012, 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 3.5 cents per ordinary share of the Company, totaling $38,029,000 for the financial year ended December 31, 2012. 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 December 31, 2012, the Group has capital commitments contracted but not provided for in the financial statements in respect of the following:

	Group	
	2012 $'000	2011 $'000
Capital expenditure	5,432	4,307
Interests in associates and jointly controlled entities	51,829	13,611

33. OPERATING LEASE COMMITMENTS

	Group	
	2012 $'000	2011 $'000
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	7,739	6,921

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	
	2012 $'000	2011 $'000
Future minimum lease payable:		
Within 1 year	6,989	6,796
Within 2 to 5 years	27,547	27,179
After 5 years	188,958	124,343
Total	223,494	158,318

The Group as lessor

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

	Group	
	2012 $'000	2011 $'000
Future minimum lease receivable:		
Within 1 year	28,725	29,454
Within 2 to 5 years	28,681	31,673
After 5 years	–	558
Total	57,406	61,685

33. OPERATING LEASE COMMITMENTS (cont'd)

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 $15,365,000 (2011: $21,586,000) 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
REVENUE										
External sales	442,502	418,637	100,223	75,182	113	6	–	–	542,838	493,825
Inter-segment sales	–	–	402	368	–	–	(402)	(368)	–	–
Total revenue	442,502	418,637	100,625	75,550	113	6	(402)	(368)	542,838	493,825
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	77,053	72,180	23,587	16,256	1,897	(2,032)	–	–	102,537	86,404
Fair value gain in investment properties	–	–	28,065	–	–	–	–	–	28,065	–
Segment results	77,053	72,180	51,652	16,256	1,897	(2,032)	–	–	130,602	86,404
Finance costs									(25,209)	(29,300)
Interest income									1,974	1,694
Share of results of equity accounted investees before fair value changes in investment properties	(2,824)	(1,348)	54,652	34,651	733	(191)	–	–	52,561	33,112
Share of fair value changes in investment properties of equity accounted investees	–	–	(486)	–	–	–	–	–	(486)	–
Income tax expense									(20,340)	(13,476)
Non-controlling interests									(9,404)	(7,993)
Net profit									129,698	70,441

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000 (restated)
OTHER INFORMATION										
Segment assets	1,010,193	1,044,845	1,007,412	1,010,580	29,986	42,316	–	–	2,047,591	2,097,741
Investment in equity accounted investees	217,143	156,345	512,825	392,161	8,386	8,293	–	–	738,354	556,799
Unallocated corporate assets									47,177	41,103
Consolidated total assets									2,833,122	2,695,643
Segment liabilities	84,775	88,215	10,641	11,839	135	82	–	–	95,551	100,136
Unallocated corporate liabilities									1,022,390	1,123,094
Consolidated total liabilities									1,117,941	1,223,230
Additions to non-current assets (excluding fair value changes)	109,680	65,811	82,395	8,936	500	–	–	–	192,575	74,747
Depreciation and amortisation	49,565	49,011	866	1,183	4	4	–	–	50,435	50,198
Impairment loss	3,088	502	–	687	1,483	–	–	–	4,571	1,189
Non-cash (income) expenses other than depreciation, amortisation and impairment loss	239	(738)	(118)	(44)	129	(259)	–	–	250	(1,041)

34. SEGMENT INFORMATION (cont'd)

d) Information by geographic regions:

	Revenue 2012 $'000	Revenue 2011 $'000	Non-current assets 2012 $'000	Non-current assets 2011 $'000
Singapore	263,882	227,849	1,501,912	1,437,771
The Maldives	145,339	131,958	182,500	175,772
The rest of Asia	110,725	117,507	417,833	431,122
United Kingdom and Europe	–	–	135,129	53,125
Others	22,892	16,511	88,502	57,527
	542,838	493,825	2,325,876	2,155,317

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 2012 %	Group's Effective Interest 2011 %
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

Notes to
Financial Statements

December 31, 2012

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2012 %	Group's Effective Interest 2011 %
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	85	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
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

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2012 %	2011 %
Held by subsidiaries of the Company				
Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1)	Hotel management	Malaysia	100	100
Coralbell Pty Ltd (7)	Investment holding company	Australia	100	100
Eastpoint Investments Limited (1)	Investment holding company	United Kingdom	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100	100
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	100
HPL (Eaton) Ltd (1)	Dormant	United Kingdom	100	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 (Mayfair) Pte Ltd*	Investment holding company	Singapore	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	–
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong / Maldives	70	70

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2012 %	2011 %
Held by subsidiaries of the Company				
Landeal Properties Pte Ltd (7)	Dormant	Singapore	100	100
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70
Luxury Complex Pte Ltd	Investment holding company	Singapore	85	85
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	85	85
Luxury Properties Pte Ltd	Investment holding company	Singapore	85	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
Pebble Bay (Thailand) Co. Ltd (3)	Property development	Thailand	74	74
PT Amanda Arumdhani (1)	Hotelier	Indonesia	100	100
PT Amanda Citra (7)	Dormant	Indonesia	100	100
PT Amanda Natha (1)	Hotelier	Indonesia	100	100
PT Amanda Pramudita (1)	Hotelier	Indonesia	100	100
PT Amanda Surya (7)	Investment holding company	Indonesia	100	100
PT Bali Girikencana (1)	Hotelier	Indonesia	93.3	93.3
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd (1)	Hotelier	Thailand	74	74
Seaside Properties (Thailand) Co. Ltd (3)	Hotelier	Thailand	74	74

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2012 %	2011 %
Held by subsidiaries of the Company				
South West Pacific Investments Limited [6]	Hotelier / Casino operator	Vanuatu	100	100
Sovereign Builders & Development Sdn Bhd [1]	Investment holding company	Malaysia	100	100
Straits Realty Co. Ltd [1]	Investment holding company	Thailand	74	74
Supreme Prospects Sdn Bhd [1]	Hotelier	Malaysia	100	100
Suseem Pty Ltd [7]	Dormant	Australia	100	100
The Island Development Pte Ltd	Investment holding company	Singapore	100	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Property development and investment holding company	Singapore	100	100

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

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

(2) Audited by overseas practices of KPMG International

(3) Audited by overseas practices of Ernst & Young

(4) Audited by overseas practices of BDO International Limited

(5) Audited by Cohen & Schaeffer P.C.

(6) Audited by Barrett & Partners

(7) Not required to be audited by law in country of incorporation and subsidiary not considered material.

* 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.

Notes to
Financial Statements
December 31, 2012

36. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2012 %	2011 %
808 Holdings Pte Ltd [2]	Investment holding company	Singapore	33.33	33.33
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 2012 %	2011 %
Laem Ka Properties Co., Ltd [2]	Hotelier and property developer	Thailand	45	45
Ten Acre (Mayfair) Ltd [1]*	Investment holding company	United Kingdom	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 and the Company's adoption of amendments to FRS 12 that became effective during the year.

As a result, certain line items have been amended in the statement of financial position, statement of changes in equity, 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:

	2011		2010	
	Previously reported $'000	**After restatement $'000**	**Previously reported $'000**	**After restatement $'000**
Group:				
Statement of financial position				
Deferred tax liabilities	25,312	14,534	24,690	13,912
Reserves(1)	701,303	710,483	659,174	668,354
Non-controlling interests	75,802	77,400	81,686	83,284

(1) This restatement relates to retained profits as disclosed in the Group's Statement of Changes in Equity.

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

Additional Information

This report describes Hotel Properties Limited's ("HPL") corporate governance processes and activities in 2012 with specific reference to the principles of the Code of Corporate Governance for listed companies in Singapore issued by the Singapore Exchange Securities Trading Limited ("SGX").

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	4	N.A.	1	1
Ong Beng Seng	3	N.A.	1	N.A.
Christopher Lim Tien Lock	4	N.A.	N.A.	N.A.
Arthur Tan Keng Hock	3	3	N.A.	N.A.
Leslie Mah Kim Loong	2	3	N.A.	1
Michael S. Dobbs-Higginson	3	4	1	N.A.
David Fu Kuo Chen	4	N.A.	N.A.	1
Stephen Lau Buong Lik	3	N.A.	N.A.	N.A.
William Fu Wei Cheng	3	N.A.	N.A.	N.A.

N.A. = Not Applicable

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 the processes for evaluating the adequacy 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.

The Company worked closely with its company secretaries to provide its directors with regular updates on relevant legal, regulatory and technical developments.

Principle 2: Board Composition and Balance

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

The Chairman of the Board is Mr. Joseph Grimberg (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 are non-executive and includes professionals with legal, financial and commercial backgrounds. This provides the 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. Joseph Grimberg

Date of appointment as Director	:	March 21, 1991
Date of appointment as Chairman	:	August 10, 2005
Date of last re-election	:	April 27, 2012
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Remuneration Committee since November 1, 2002 Member of the Nominating Committee since November 1, 2002

Mr. Joseph Grimberg joined Drew & Napier in 1957. He was senior Partner of Drew & Napier prior to being appointed a Judicial Commissioner of the Supreme Court of Singapore from 1987 to 1989. Upon completion of his term of office, he returned to Drew & Napier as Senior Consultant to the firm. Mr Grimberg has a B.A. (Law) from Cambridge and is a Barrister-at-law. He served as a member of the Senate of the Singapore Academy of Law, Member of the Singapore Academy of Law and a Member of the Permanent Court of Arbitration, The Hague.

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 29, 2010
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. Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 27, 2012
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Remuneration Committee since November 1, 2002 Member of the Audit Committee since July 28, 2009

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, Vice-Chairman, International of, and Advisor to, Livescribe Limited, California, USA, and Advisor to Doran Capital Partners, Seoul, Korea and the Eikon Fund, Athens, Greece. 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.

Mr. Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of last re-election	:	April 27, 2012
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Audit Committee since March 13, 1997 Member of the Audit Committee from July 5, 1996 to March 12, 1997

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. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 29, 2010
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002 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 on 29 October 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 nine directors is appropriate in view of the nature and scope of the Group's operations.

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

Principle 3: Role of Chairman and Managing Director

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

BOARD COMMITTEES

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

Nominating Committee

Principle 4: Board Membership
Principle 5: Board Performance

The Nominating Committee was formed on November 1, 2002 and comprises three non-executive directors of whom two are independent directors. The Nominating Committee 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. Joseph Grimberg and Mr. David Fu Kuo Chen.

The Nominating Committee'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;
- 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.

New directors are appointed by way of board resolutions, after the Nominating Committee has reviewed and nominated them for appointment. Such new directors 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 Nominating Committee 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 Nominating Committee conducts an annual review of directors' independence and is of the view that Mr. Joseph Grimberg, Mr. Arthur Tan Keng Hock, Mr. Leslie Mah Kim Loong and Mr. Michael S. Dobbs-Higginson are independent and that, no individual or small group of individuals dominate the Board's decision-making process.

The Nominating Committee has recommended the re-appointment of Mr Michael Dobbs-Higginson, who is retiring under Section 153(6) of the Companies Act, Chapter 50, Mr Leslie Mah and Mr Christopher Lim, 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 Nominating Committee.

Audit Committee

Principle 11: Audit Committee
Principle 12: Internal Controls

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

The Audit Committee comprises three non-executive directors namely, Mr. Arthur Tan Keng Hock, Mr. Leslie Mah Kim Loong and Mr. Michael S. Dobbs-Higginson, all of whom are independent directors. The Audit Committee is chaired by Mr. Arthur Tan Keng Hock, an independent director, who was an investment banker for over 15 years. The other members of the Audit Committee have many years of experience in accounting, finance and business management.

The Audit Committee performs the following main functions:

- reviews with the external auditor, 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.

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

The Audit Committee 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 Audit Committee has full discretion to invite any director or executive officer of the Company to attend its meetings.

The Audit Committee 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 Group has complied with Rules 712, Rule 715 and 716 of the SGX-ST Listing Manual in relation to its auditors.

A Policy on Business Related Conduct has also been put in place by the Audit Committee 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.

Principle 13: Internal Audits

The Audit Committee 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. The Audit Committee has the mandate to authorise special reviews or investigations, where appropriate, in discharging its responsibility.

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

The Audit Committee 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 Audit Committee.

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 Audit Committee, is of the opinion that the Group's internal controls were adequate as at December 31, 2012 to address financial, operational and compliance 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

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

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

The Remuneration Committee is chaired by Mr. Joseph Grimberg. The other members are Mr. Michael S. Dobbs-Higginson 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 Remuneration Committee as he does not receive monthly remuneration from the Group and is not eligible for grants under the Company's Executive Share Option Scheme and Performance Share Plan.

The Remuneration Committee'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 calibre 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 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 Remuneration Committee 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 Remuneration Committee 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.

Details of remuneration and benefits of directors for the financial year ended December 31, 2012 are set out below:-

	Fee**	Salary	Bonus and Other benefits*	Total
	%	%	%	%
Between $3,250,000 and $3,500,000				
Christopher Lim Tien Lock	2	24	74	100
Between $3,000,000 and $3,250,000				
Ong Beng Seng	2	–	98	100
Between $2,750,000 and $3,000,000				
Stephen Lau Buong Lik	2	24	74	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 FY2012

The remuneration of the top 5 key executives (who are not also directors) is not disclosed as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of individual executives is disadvantageous to its business interest, given the highly competitive industry conditions.

There is no employee who is related to a director or the CEO whose remuneration exceeds $150,000 in the Group's employment for the financial year ended December 31, 2012.

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

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

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 staff are invited to attend the Board meetings to answer queries and provide detailed insights into their areas of responsibilities.

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability and Audit
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 Audit Committee, Nominating Committee and Remuneration Committee, 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.

Corporate
Governance Report

Interested Person Transactions ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's interested person transactions. Details of the significant interested person transactions for the financial year ended December 31, 2012 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2012 (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	13,387	–
Management fee income	404	–
Management fee expense	814	–
Equity contribution	31,146	–

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.

The main properties as at December 31, 2012 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 422 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)	208,800	7,434	–
Total Freehold and Long-term Leasehold	208,800	7,434	–
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	83,809	–
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	2,964	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	8,169	–	–
Thailand			
A 10-storey hotel building with 323 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	11,776	22,919	–
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	12,854	26,332	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	14,645	565	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	383	–
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.	7,637	20,005	–
Total Freehold	124,777	156,977	–

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

	Land $'000	Buildings $'000	Leasehold Property $'000
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)	–	–	85,347
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	361	554	–
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)	76,298	6,018	–
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)	718	22,730	–
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)	2,783	39,319	–
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)	973	3,230	–
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)	955	9,622	–

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)			
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)	4,601	34,450	–
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)	8,078	49,369	–
A resort (known as Rihiveli Resort) located at South Male Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	–	760	–
A resort (known as Holiday Inn Resort Kandooma) located at South Male Atoll, Republic of Maldives (lease expiring 39 years from April 15, 2005)	–	38,223	–
Total Leasehold	94,767	204,275	85,347
TOTAL (Classified as Group Property, Plant and Equipment)	428,344	368,686	85,347

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	2016	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		
36 condominium units at 125 South Sathorn Road, Bangkok, Thailand	Freehold	7,175

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
1 shop unit at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979	132	100
61 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979	7,627	85

Statistics of Shareholdings

as at March 27, 2013

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	464	6.94	78,650	0.01
1,000 – 10,000	5,244	78.37	17,136,284	3.38
10,001 – 1,000,000	954	14.26	41,460,782	8.18
1,000,001 and above	29	0.43	448,383,635	88.43
Total:	6,691	100.00	507,059,351	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	OVERSEA CHINESE BANK NOMINEES PTE LTD	147,419,620	29.07
2.	NASSIM DEVELOPMENTS PTE. LTD.	102,948,000	20.30
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	53,870,319	10.62
4.	BNP PARIBAS SECURITIES SERVICES	35,088,130	6.92
5.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	16,008,842	3.16
6.	UOB KAY HIAN PTE LTD	8,744,600	1.72
7.	DBS NOMINEES PTE LTD	8,538,452	1.68
8.	RAFFLES NOMINEES (PTE) LTD	8,073,124	1.59
9.	REEF HOLDINGS PTE LTD	7,051,000	1.39
10.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,045,043	1.39
11.	DBS VICKERS SECURITIES (S) PTE LTD	6,485,420	1.28
12.	PHILLIP SECURITIES PTE LTD	6,018,877	1.19
13.	TENGKU IDRIS SHAH IBNI SULTAN SALAHUDDIN ABDUL AZIZ SHAH	5,345,100	1.05
14.	COMO HOLDINGS INC	4,810,000	0.95
15.	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	4,632,358	0.91
16.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	4,482,282	0.88
17.	CIMB SECURITIES (SINGAPORE) PTE LTD	2,889,670	0.57
18.	LEE PINEAPPLE COMPANY PTE LTD	2,750,000	0.54
19.	GOEI SIANG HOEY	2,150,000	0.42
20.	OCBC SECURITIES PRIVATE LTD	2,082,321	0.41
Total:		436,433,158	86.04

Substantial Shareholders

as at March 27, 2013

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	14.71	–	–
Como Holdings Inc	78,965,780	15.57	–	–
Born Free Investments Limited	36,459,390	7.19	–	–
Holmshaw Services Limited	34,120,900	6.73	–	–
Ong Beng Seng	3,300,000	0.65	121,787,680 (1)	24.02
Peter Fu Chong Cheng	–	–	147,349,070 (2)	29.06
Kuo Investments Limited	–	–	34,120,900 (3)	6.73
Nassim Developments Pte Ltd	102,948,000	20.30	–	–
WPS Capital Pte. Ltd.	–	–	■ 102,948,000	20.30
Wheelock Properties (Singapore) Limited	–	–	■ 102,948,000	20.30
Star Attraction Limited	–	–	■ 102,948,000	20.30
Wheelock Investments Limited	–	–	■ 102,948,000	20.30
Wheelock and Company Limited	–	–	■ 102,948,000	20.30

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.

(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.

■ WPS Capital Pte. Ltd., 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 Nassim Developments Pte. Ltd. by virtue of the provisions under Section 7 of the Companies Act, Cap 50 of Singapore.

* Based on 507,059,351 ordinary shares as at March 27, 2013.

Approximately 31.74% 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-Third Annual General Meeting of the Company will be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Friday, April 26, 2013 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, 2012 and the Auditor's 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 3.5 cents per ordinary share for the year ended December 31, 2012. **Resolution 2**

3. To approve the proposed Directors' fees of $618,000/- for the year ended December 31, 2012. (2011: $618,000) **Resolution 3**

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

5. To transact any other business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

6. 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. **Resolution 5**

7. To re-elect Mr Leslie Mah Kim Loong pursuant to Article 80 of the Articles of Association **Resolution 6**

8. To re-elect Mr Christopher Lim Tien Lock pursuant to Article 80 of the Articles of Association. **Resolution 7**

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

   Share Issue Mandate **Resolution 8**

   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,

Notice of Annual General Meeting

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) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) (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.

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 14, 2013 to May 15, 2013 (both dates inclusive), for the preparation of dividend warrants.

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 13, 2013 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 23, 2013 to shareholders registered in the books of the Company on May 13, 2013.

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

By Order of the Board

Chuang Sheue Ling/Lo Swee Oi
Company Secretaries
April 11, 2013
Singapore

Notice of Annual General Meeting

Explanatory Notes on Special Business to be transacted:-

(a) Ordinary Resolutions 5 is to re-appoint a director who is over 70 years of age in accordance to Section 153(6) of the Companies Act, Cap 50.

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

(c) Mr Leslie Mah Kim Loong, a non-executive Independent Director, if re-elected, will remain as Chairman of the Nominating Committee and a member of the Audit Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(d) Ordinary Resolution 8 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.

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 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-Third 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 26, 2013 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-election of Director (Mr Leslie Mah Kim Loong)		
7.	Re-election of Director (Mr Christopher Lim Tien Lock)		
8.	Authority to issue shares pursuant to Share Issue Mandate		

Dated this __________ day of ________________ 2013

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
PROPERTIES
LIMITED

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www.hotelprop.com
Regn No: 198000348Z