HOTEL PROPERTIES LIMITED

Annual Report 2009

CONTENTS

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

The Group's revenue for the year ended December 31, 2009, was $443 million compared to $612 million last year.

2009 was a challenging year as the global economic crisis and the H1N1 outbreak directly affected the hospitality sector. Both hotel occupancy and room rates suffered due to low tourist arrivals and a more cost-conscious business community. However, the trend was reversed as we approached the last quarter of the year as the Group's hotel business began to show signs of recovery.

On the property front, the completion of The Met condominium development in Q2 2009 contributed to the lower Group revenue for the year ended December 31, 2009 as compared to the previous year. Nevertheless, collections from purchasers resulted in higher cash generated from operations of $153.9 million for the year ended December 31, 2009 compared to $26.5 million last year.

During the last quarter of 2009, the Group equity accounted for its 20% share of profits from The Westminster Terrace residential project in Tsuen Wan, Hong Kong, amounting to $9.1 million. This was offset by losses from other associates, including Morganite Pte Ltd, developer of the Farrer Court site in Singapore. These losses comprised mainly interest expense, and start up losses from two new resorts, Four Seasons Resort Seychelles and Hard Rock Hotel Penang, both of which commenced business during the year.

For the year ended December 31, 2009, the Group recorded a fair value adjustment loss on investment properties of $2.7 million compared to $37.6 million last year. Group net profit attributable to shareholders increased by 7.2% from $32.88 million for the year ended December 31, 2008 to $35.24 million for the year ended December 31, 2009.

RECENT DEVELOPMENTS

Two new resorts developed by associated companies of the Group, Four Seasons Resort Seychelles and Hard Rock Hotel Penang, commenced business in February and September 2009 respectively. Kandooma Maldives was rebranded as the Holiday Inn Resort Kandooma, in partnership with the InterContinental Hotels Group (IHG). This is the first Holiday Inn Resort in the Republic of Maldives, and the Group's first venture with IHG.

During the year under review, the Group completed The Met condominium development in Bangkok, Thailand. This 66-storey tower won the World's Best Housing Development award at the prestigious World Architecture Festival Awards 2009.

Together with our joint venture partner, CapitaLand, the Group also unveiled the design for The Interlace, a stunning new residential development located on the former Gillman Heights Condominium site. Designed by Ole Scheeren of the Office for Metropolitan Architecture (OMA), this 1,040 unit estate will be built on an eight-hectare green belt site.

Another associate of the Group has recently completed The Westminster Terrace in Tsuen Wan, Hong Kong. This 39-storey luxury residential building, created by the award-winning British architect Paul Davis, is situated in one of the greenest areas in Hong Kong, with views of the South China Sea.

PROSPECTS

The Asian economy is on the path of recovery, but uncertainty still looms in Europe and US, mainly concerning fiscal deficit issues.

In Singapore, private residential property prices increased by 7.4% in the last quarter of 2009. With improving economy and market sentiments, the demand for private residential properties, especially luxury projects, is expected to pick up, although some uncertainties may occur as a result of recent government measures to cool the property market. The Group is planning to launch its condominium development at the former Beverly Mai site at Tomlinson Road this year. An associate of the Group also plans to have the proposed condominium development at the former Farrer Court site launch-ready during the course of the year.

DIVIDEND

The Board of Directors has recommended a final one-tier tax-exempt cash dividend of 2 cents per ordinary share for the year ended December 31, 2009.

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

Joseph Grimberg
Chairman
March 16, 2010

ESTABLISHING A NEW LEVEL OF COMFORT

Kandooma Maldives was rebranded as the Holiday Inn Resort Kandooma, in partnership with the InterContinental Hotels Group (IHG).

BUSINESS REVIEW:

Hotels

As of 2009, our Hotel Division consists of 22 hotels in nine countries: Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Seychelles, Vanuatu and the United States. Our properties are operated under management by world-renowned brands such as Four Seasons, Hilton International, Como Hotels and our most recent addition, InterContinental Hotels Group. In addition, HPL Hotels and Resorts also operates its own Concorde Hotels, Hard Rock Hotels and a number of boutique hotels in the Asia Pacific region.

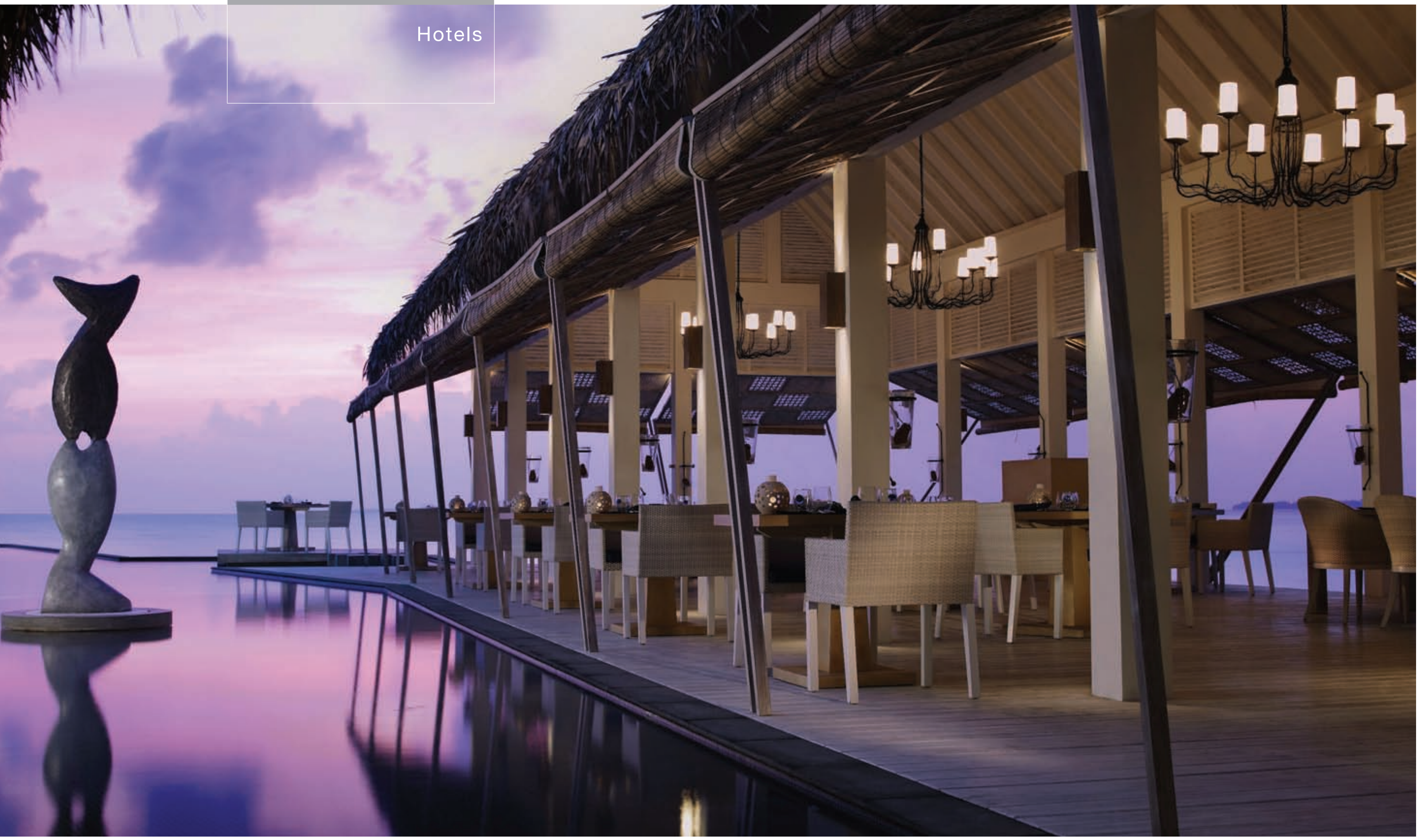
2009 was a challenging year for the Group. The hospitality sector was directly affected by the global economic crisis and the H1N1 flu outbreak. These events lowered both occupancy and rates as a result of slower tourist arrivals and a more cost-conscious business traveller. However, during the last quarter of the year, we saw a burst of pent-up travel with increasing tourist arrivals. This helped our hotels with higher occupancy and room rates as compared to the beginning of the year.

In February 2009, the Four Seasons Hotel Seychelles was officially opened. Set on a sprawling headland of 69 hectares with pristine beaches and verdant vegetation on the island of Mahe, it features 67 exclusive villas and suites, two restaurants, two lounges, a hilltop spa and a plethora of recreational activities. Tranquil and secluded, with its impeccably furnished interiors and unparalleled customer service, the Four Seasons Hotel Seychelles has been receiving rave reviews from its guests.

In September 2009, we opened our latest addition to the Hard Rock hotel brand, the Hard Rock Hotel Penang. Located in Batu Ferringhi, Penang, the hotel has 250 well appointed guest rooms, a 300-seat ballroom and a 2,400 square metre freeform pool along with Rock Spa, Little Rock Kids Club, Rock Gym, and Rock Shop, the hotel is ideal for leisure travellers, families and conference groups.

BUSINESS REVIEW:

Hotels



In November, we re-launched the Kandooma Resort as Holiday Inn Resort Kandooma. The resort, located in the South Male Atoll of the Maldives, is surrounded by breathtaking white sand beaches, azure skies, lush greenery and pristine turquoise waters. This sanctuary exemplifies the perfect getaway. It has a naturally idyllic setting which features 160 garden, beach, duplex and water villas. The Holiday Inn Resort Kandooma also boasts a variety of recreational activities and is in close proximity to well known diving sites.

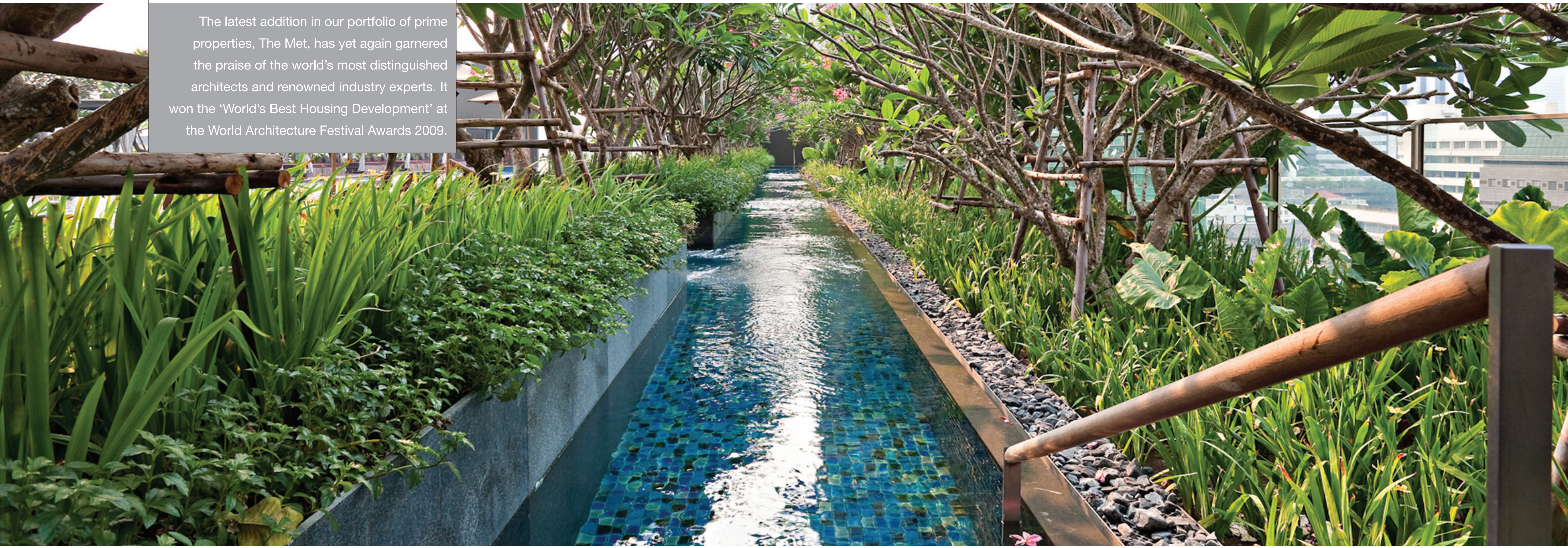
All our Maldivian properties have contributed significantly to our earnings. Of note, The Four Seasons Resort Maldives at Kuda Huraa located in the North Male Atoll is a delight for those seeking perfect tranquillity with palm-thatched pavilions, bungalows and exotic spas. Further north, The Four Seasons Resort Maldives at Landaa Giraavaru is an oasis of comfort set in the crystal clear waters of the Baa Atoll. The beautiful Rihiveli Resort in Maldives with its old-world charm offers a Robinson Crusoe experience for the adventurous traveller.

In Bali, the Group owns the Four Seasons Resort at Jimbaran Bay, the Four Seasons Resort at Sayan and the Hard Rock Hotel Bali. Four Seasons Jimbaran Bay has been commended by the UK's Daily Telegraph for exemplary customer service and panoramic vistas. Its sister property, Four Seasons Sayan offers guests a holistic experience combined with the enchanting beauty of the Ayung River and verdant rice terraces. Along the famous Kuta beach, the Hard Rock Hotel Bali retains its popularity with its signature rock n' roll themes.

The Group also has interest in Uma Paro Bhutan which is located in a beautiful knoll in the Himalayan Kingdom of Bhutan. It sits on a forested hill providing dramatic views of the pine-clad Paro valley and the snow-tipped Jomolhari mountain range. It offers exceptional style, combining understated comfort with a historically rich culture. This retreat is also dedicated to recreational activities including trekking and cultural tours. It was recognised by the 2008 Conde Nast Traveller's Gold List for best location and was also named one of The World's 100 Ultimate Escapes by the Robb Report in 2007.

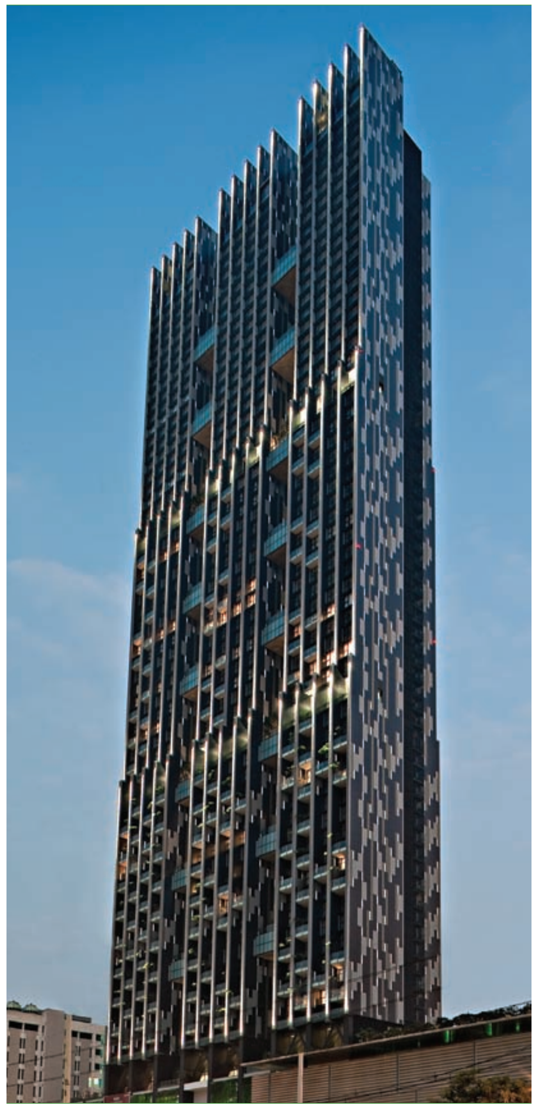
INNOVATING LANDSCAPES

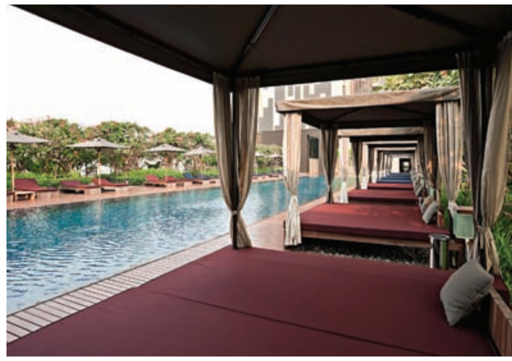
The latest addition in our portfolio of prime properties, The Met, has yet again garnered the praise of the world's most distinguished architects and renowned industry experts. It won the 'World's Best Housing Development' at the World Architecture Festival Awards 2009.

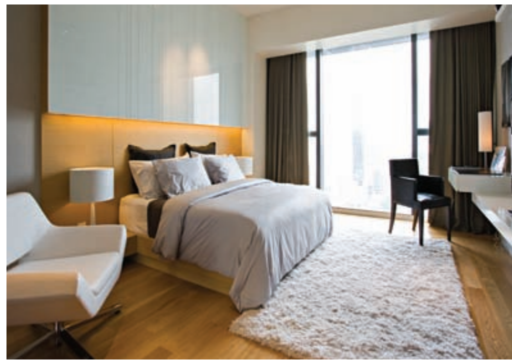


BUSINESS REVIEW:

Properties







Despite the challenges in the property market, the year ended with a positive foresight for our Properties Division.

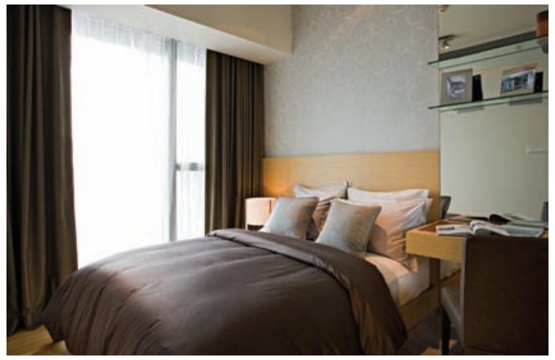
During the year under review, the Group completed The Met condominium development in Bangkok, Thailand. Located at the heart of Bangkok, this 66-storey architectural marvel has won accolades for its design excellence and architectural ingenuity. It was awarded the prestigious AR MIPIM Future Project Award 2006 for the Tall Buildings category which recognised its excellence in Architecture and Environmental design. In 2009, The Met was named the World's Best Housing Development by the prestigious World Architecture Festival Awards (WAF Awards). It was chosen for its excellent attempt to open a skyscraper to the city, and for embodying an innovative solution to the issues of density in Asian cities. The jurors felt that The Met brought the sharpest and most detailed realised concept which offers a new model for high-density tropical housing that has a great potential for the future. It was also given the Bronze Award in the Emporis Skyscraper Awards, the only prize for high-rise architecture awarded annually and on a global basis by building and architecture experts from 67 nations, as it placed third in the 'Top 10 Skyscrapers of 2009' list.

The Met provides all apartments with cross-ventilation and full exposure to light and views. In addition, there are outdoor living areas, planters and sky gardens creating dramatic yet human-scaled external spaces at a high level.

In Hong Kong, the Group has an effective equity stake of 20% in The Westminster Terrace — a 39-storey luxury residential building situated above Castle Peak Road. It overlooks the Rambler and Ma Wan channels and has views of the Tsing Ma and Ting Kau bridges. Located at the centre point of Hong Kong, it is 15 minutes from Central, Hong Kong International Airport and the Chinese border. This development offers amenities such as an outdoor swimming pool, tennis court, club house and other outdoor activity areas, and was designed by London-based architect, Paul Davis & Partners.

BUSINESS REVIEW:

Properties



In London, the Group has interest in a joint venture company which owns the iconic landmark Derry and Toms Building — a mixed-use development at 99-121 Kensington High Street, an office building at Derry Street and a residential building at Kensington Square.

The Group also continues to define Singapore's landscape. Together with our joint venture partner, CapitaLand, we unveiled the design of a new residential development located at the former Gillman Heights Condominium site, The Interlace.

This innovatively designed 1,040 unit estate sits on an elevated eight-hectare site amidst the verdant green belt at the Southern Ridges of Singapore. It explores a dramatically different approach to tropical living with expansive and interconnected network of communal spaces with the natural environment. Thirty-one apartment blocks, each six storeys tall are stacked in a hexagonal arrangement to form eight large-scale courtyards. The interlocking blocks resemble a 'vertical village' with cascading sky gardens and both private and public roof terraces.

This project is designed by none other than Ole Scheeren of the Office for Metropolitan Architecture (OMA) who also worked on the Prada Epicenters in New York City and Los Angeles, China Central Television Station (CCTV) Headquarters and the Television Cultural Center (TVCC) in Beijing, and the MahaNakhon in Bangkok.

With the improving economy and market sentiments, the Group is planning to launch the proposed condominium development at the former Beverly Mai site at Tomlinson Road. An associate of the Group will also have the proposed condominium development at the former Farrer Court site launch-ready.

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
Philip Yuen Ewe Jin
(appointed on April 20, 2007)

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

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

FINANCIAL STATEMENTS 2009

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, 2009.

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 (Appointed on November 6, 2009)

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	119,271,680**	119,271,680**
Christopher Lim Tien Lock	449,500	326,000
David Fu Kuo Chen	869,000	869,000
Stephen Lau Buong Lik	221,000	331,000

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
The subsidiary - HPL Resorts (Maldives) Pvt Ltd		
Shares of Maldivian Rufiyaa 1,000 each		
Ong Beng Seng	10,000*	10,000*
Options to acquire ordinary shares under the Hotel Properties Limited Share Option Scheme 2000		
Christopher Lim Tien Lock	765,000	965,000
Stephen Lau Buong Lik	595,000	795,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	506,000	379,500
Stephen Lau Buong Lik	440,000	330,000

* 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, 2009, 115,971,680 (as at January 1, 2009, 115,971,680) 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.

There have been no changes in the above directors' interests as at January 21, 2010.

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 and that:

a) Messrs Ong Beng Seng and David Fu Kuo Chen are regarded to be interested in rental contracts at commercial rates in respect of certain shop and office units of the Group.

b) Mr Ong Beng Seng is deemed to be interested in transactions and arrangements entered into between certain subsidiaries and certain companies in which he has substantial financial interest for the provision of management services to operate certain hotels and resorts and retail shops.

c) Mr Ong Beng Seng is deemed to be interested in transactions and arrangements entered into between a subsidiary and a company in which he has substantial financial interest in relation to the operation of a restaurant.

d) Mr Ong Beng Seng is deemed to be interested in lease agreements entered into between a subsidiary and a company in which he has substantial financial interest in respect of certain spa facilities and employee housing units.

5. SHARE OPTIONS AND PERFORMANCE SHARES

The Company has a share option scheme, known as Hotel Properties Limited Share Option Scheme 2000 ("Scheme 2000"), which was approved by the shareholders on June 23, 2000. 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.

Both Scheme 2000 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 October 13, 2009 ("Offering Date"), options were granted pursuant to the Scheme 2000 to 14 executives of the Company to subscribe for 1,050,000 ordinary shares in the Company at the subscription price of $1.72 per ordinary share ("Offering Price").

The options may be exercised during the period from October 13, 2011 to October 12, 2019, 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 three consecutive market days preceding the Offering Date or failing which, the last three 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

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 as at 31/12/09	Exercise Price	Exercise Period
Pursuant to Scheme 2000			
28/02/2005	330,000	$1.000	28/02/2007 – 27/02/2015
17/03/2006	1,870,000	$1.145	17/03/2008 – 16/03/2016
10/10/2007	1,420,000	$4.000	10/10/2009 – 09/10/2017
20/05/2008	950,000	$2.330	20/05/2010 – 19/05/2018
13/10/2009	1,050,000	$1.720	13/10/2011 – 12/10/2019
Total	5,620,000		

d) The information on directors of the Company participating in Scheme 2000 and employees who received 5 percent or more of the total number options available under Scheme 2000 are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of Scheme 2000 to the end of the financial year	Aggregate options exercised since commencement of Scheme 2000 to the end of the financial year	Aggregate options outstanding at the end of the financial year
Christopher Lim Tien Lock	200,000	2,365,000	1,400,000	965,000
Stephen Lau Buong Lik	200,000	1,595,000	800,000	795,000

No options under Scheme 2000 were granted to controlling shareholders or their associates.

e) Awards under Performance Share Plan

The details of the share awards of the Company granted since the commencement of the HPL PSP to the end of the financial year are as follows:

Award	Balance as at January 1, 2009		Performance shares released during the year		Balance as at December 31, 2009	
	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares
2007 award	2	236,500	2	236,500	–	–
2008 award	2	709,500	–	–	2	709,500
Total	2	946,000	2	236,500	2	709,500

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 16, 2010

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 70 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, 2009 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 16, 2010

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 of the Company as at December 31, 2009, 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 70.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a 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 account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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,

a) 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, 2009 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; and

b) 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

Philip Yuen Ewe Jin
Partner

Singapore
March 16, 2010

STATEMENTS OF FINANCIAL POSITION

December 31, 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
ASSETS					
Current assets					
Cash and bank balances	6	48,054	41,328	14,522	10,724
Held-for-trading investments	7	2,540	–	–	–
Trade and other receivables	8	152,670	185,424	4,104	4,352
Derivative financial instruments	9	–	3,765	–	3,765
Amount due from associates and jointly controlled entities	13	105,608	156,655	9,531	9,891
Amount due from subsidiaries	16	–	–	733,291	709,713
Inventories	10	7,434	8,271	573	501
Development properties	11	307,998	369,915	–	–
Completed properties held for sale	12	64,405	6,214	–	–
Total current assets		688,709	771,572	762,021	738,946
Non-current assets					
Associates and jointly controlled entities	13	416,256	295,875	2,361	2,361
Subsidiaries	16	–	–	561,557	579,890
Available-for-sale investments	17	5,068	7,831	–	–
Other long-term receivables and prepayments	18	779	892	–	–
Property, plant and equipment	19	1,035,456	1,071,270	230,674	233,436
Investment properties	20	616,581	616,581	–	–
Deferred tax assets	24	679	128	–	–
Intangible assets	21	15,026	15,473	–	–
Total non-current assets		2,089,845	2,008,050	794,592	815,687
Total assets		**2,778,554**	**2,779,622**	**1,556,613**	**1,554,633**
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdraft	22	1,154	–	–	–
Bank loans	22	176,537	379,551	114,965	189,947
Trade and other payables	23	99,438	121,491	19,077	18,747
Derivative financial instruments	9	584	–	–	–
Amount due to associates	13	–	457	–	–
Amount due to subsidiaries	16	–	–	45,565	44,537
Income tax payable		9,336	7,887	2,261	1,841
Total current liabilities		287,049	509,386	181,868	255,072
Non-current liabilities					
Long-term bank loans	22	1,145,092	959,754	444,129	383,586
Other long-term liabilities	22	13,506	14,734	–	–
Advances from subsidiaries	16	–	–	102,895	95,386
Derivative financial instruments	9	1,491	1,541	–	–
Deferred tax liabilities	24	29,395	28,897	1,127	918
Total non-current liabilities		1,189,484	1,004,926	548,151	479,890
Capital, reserves and minority interests					
Share capital	25	681,561	681,322	681,561	681,322
Reserves	26	539,290	502,922	145,033	138,349
Equity attributable to shareholders of the Company		1,220,851	1,184,244	826,594	819,671
Minority interests		81,170	81,066	–	–
Total equity		1,302,021	1,265,310	826,594	819,671
Total liabilities and equity		**2,778,554**	**2,779,622**	**1,556,613**	**1,554,633**

See accompanying notes to financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended December 31, 2009

	Note	Group 2009 $'000	2008 $'000
Revenue	27	443,181	612,013
Cost of sales		(311,431)	(427,438)
Gross profit		131,750	184,575
Other operating income		2,606	1,934
Administrative expenses		(47,495)	(51,706)
Other operating expenses		(900)	(17,273)
Finance costs		(30,923)	(33,846)
Other non-operating income (net)	28	5,413	8,713
Share of results of associates and jointly controlled entities before fair value changes in investment properties		(5,750)	1,853
Profit before income tax and fair value changes in investment properties		54,701	94,250
Fair value loss in investment properties	20	–	(30,254)
Share of fair value loss in investment properties of associates		(2,699)	(7,339)
Profit before income tax	28	52,002	56,657
Income tax expense	29	(14,777)	(16,641)
Profit for the year		37,225	40,016
Attributable to:			
Shareholders of the Company		35,241	32,880
Minority interests		1,984	7,136
		37,225	40,016
Earnings per share (Cents):	30		
- basic		6.99	6.52
- diluted		6.97	6.52

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2009

	Group 2009 $'000	2008 $'000
Profit for the year	37,225	40,016
Other comprehensive income (net of tax):		
Exchange differences on translating foreign operations	3,084	(15,918)
Decrease in exchange fluctuation reserve arising from disposal of an associate	(746)	–
Increase (Decrease) in hedge reserve	84	(1,987)
Decrease in other capital reserve	(451)	(4,063)
Increase in other capital reserve arising from disposal of available-for-sale investments	2,206	–
Decrease in asset revaluation reserve arising from disposal of completed properties held for sale	(1,019)	–
Share of other comprehensive income (loss) of associates and jointly controlled entities	1,107	(10,694)
Other comprehensive income (loss) for the year, net of tax	4,265	(32,662)
Total comprehensive income for the year	**41,490**	**7,354**
Attributable to:		
Shareholders of the Company	40,295	312
Minority interests	1,195	7,042
	41,490	7,354

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2009

Group	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Balance as at January 1, 2008	681,040	361,135	165,512	1,207,687	80,961	1,288,648
Final dividend for the previous year, paid (Note 31)	–	(25,213)	–	(25,213)	–	(25,213)
Share-based payments during the year	–	–	1,395	1,395	–	1,395
Total comprehensive income (loss) for the year	–	32,880	(32,568)	312	7,042	7,354
Net movement during the year	–	–	–	–	(6,937)	(6,937)
Transfer during the year	219	–	(219)	–	–	–
Issue of shares	63	–	–	63	–	63
Balance as at December 31, 2008	681,322	368,802	134,120	1,184,244	81,066	1,265,310
Final dividend for the previous year, paid (Note 31)	–	(5,045)	–	(5,045)	–	(5,045)
Share-based payments during the year	–	–	1,357	1,357	–	1,357
Total comprehensive income for the year	–	35,241	5,054	40,295	1,195	41,490
Net movement during the year	–	–	–	–	(1,091)	(1,091)
Transfer during the year	239	–	(239)	–	–	–
Balance as at December 31, 2009	**681,561**	**398,998**	**140,292**	**1,220,851**	**81,170**	**1,302,021**

Company	Share capital $'000	Retained profits $'000	Other reserves $'000	Total $'000
Balance as at January 1, 2008	681,040	31,475	111,078	823,593
Final dividend for the previous year, paid (Note 31)	–	(25,213)	–	(25,213)
Share-based payments during the year	–	–	1,395	1,395
Total comprehensive income for the year	–	19,812	21	19,833
Transfer during the year	219	–	(219)	–
Issue of shares	63	–	–	63
Balance as at December 31, 2008	681,322	26,074	112,275	819,671
Final dividend for the previous year, paid (Note 31)	–	(5,045)	–	(5,045)
Share-based payments during the year	–	–	1,357	1,357
Total comprehensive income for the year	–	10,010	601	10,611
Transfer during the year	239	–	(239)	–
Balance as at December 31, 2009	**681,561**	**31,039**	**113,994**	**826,594**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2009

	Group 2009 $'000	Group 2008 $'000
Cash flows from operating activities		
Profit before income tax and share of results of associates and jointly controlled entities	60,451	62,143
Adjustments for:		
Amortisation of intangible assets	332	332
Depreciation expense	50,058	49,236
Share-based payments expense	1,357	1,395
Fair value loss in investment properties	–	30,254
Property, plant and equipment written off	72	65
Gain on divestment of a subsidiary	–	(505)
Gain on disposal of a property	–	(5,826)
Gain on disposal of an associate	(4,651)	–
Gain on disposal of available-for-sale investments	(1,018)	–
Finance costs	30,923	33,846
Interest income	(310)	(849)
Dividend income	(50)	(177)
Operating cash flows before movements in working capital	137,164	169,914
Trade and other payables	(21,430)	17,860
Completed properties held for sale	5,195	–
Development properties and expenditure	11,830	(40,189)
Receivables and prepayments	36,175	(137,552)
Held-for-trading investments	(2,540)	25,316
Inventories	837	(1,180)
Cash generated from operations	167,231	34,169
Dividend received	50	177
Income tax paid	(13,393)	(7,809)
Net cash generated from operating activities	153,888	26,537
Investing activities		
Divestment of a subsidiary (see Note A below)	–	2,051
Additional available-for-sale investments	–	(96)
Additional investment properties	–	(118)
Additional property, plant and equipment	(20,119)	(69,590)
Net investment in associates and jointly controlled entities	(72,971)	(157,611)
Proceeds from disposal of available-for-sale investments	4,036	–
Proceeds from disposal of property, plant and equipment	935	739
Net cash used in investing activities	(88,119)	(224,625)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2009

	Group 2009 $'000	2008 $'000
Financing activities		
Interest received	310	849
Finance costs paid	(42,844)	(44,855)
Dividend paid	(5,045)	(25,213)
(Repayment to) Advances from minority shareholders	(946)	269
Additional borrowings	379,996	502,122
Repayment of borrowings	(393,022)	(261,663)
Hire purchase creditors	–	(136)
Increase in deposits under pledge to banks (Note 6)	–	(487)
Proceeds from issue of shares	–	63
Net cash (used in) from financing activities	(61,551)	170,949
Net increase (decrease) in cash and cash equivalents	4,218	(27,139)
Cash and cash equivalents at beginning of year	40,647	68,061
Effect of exchange rate changes on cash balances held in foreign currencies	1,347	(275)
Cash and cash equivalents at end of year	46,212	40,647

The cash and cash equivalents as at December 31, 2009 comprise of cash and bank balances less bank overdraft (Note 22) and deposits pledged to banks (Note 6).

Note A: Effects of divestment of a subsidiary for the year ended December 31, 2008

	$'000
Current assets	92
Current liabilities	(268)
Net current liabilities	(176)
Other non-current assets	5,589
Other non-current liabilities	(3,650)
Net assets divested	1,763
Gain on divestment	505
Proceeds	2,268
Cash of subsidiary divested	(217)
Cash inflow arising from divestment of a subsidiary	2,051

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, 2009 were authorised for issue by the Board of Directors on March 16, 2010.

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, 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 1 – *Presentation of Financial Statements (Revised)*
FRS 1(2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 *Financial Instruments - Improving Disclosures about Financial Instruments*
The amendments to FRS 107 expand the disclosures in respect of fair value measurements and liquidity risk.

FRS 108 – *Operating Segments*
The Group adopted FRS 108 with effect from January 1, 2009. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (FRS 14 *Segment Reporting*) required an entity to identify segments using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

The Group is currently evaluating the provisions of FRSs and INT FRSs that were issued as at the date of the authorisation of these financial statements and relevant to the Group and Company but not yet effective until future periods. Preliminary assessment by the Group indicates that the initial adoption of these FRSs and INT FRSs will have no material financial impact on the consolidated financial statements of the Group and the statement of financial position and statement of changes in the equity of the Company except as disclosed below:

FRS 27 (Revised) *Consolidated and Separate Financial Statements*; and FRS 103 (Revised) *Business Combinations*
FRS 27(Revised) is effective for annual periods beginning on or after July 1, 2009. FRS 103(Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

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

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. The changes will be adopted prospectively for transactions after the date of adoption of the revised standard and, accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, the amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised standard and, accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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.

Minority interests in the net assets of subsidiaries consolidated are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the equity are allocated against the interests of the minority only to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

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 – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of additional interest from minority shareholders is accounted for as transactions with equity holders in their capacity as equity holders. Any difference between the fair value of the consideration paid in the transaction and the amount by which the minority shareholders' interest is reduced would be recognised directly in equity.

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.

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

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.

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.

<u>Financial liabilities</u>

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.

<u>Equity instruments</u>

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.

<u>Derivative financial instruments and hedge accounting</u>

The Group uses derivative financial instruments such as interest rate and cross currency swaps to hedge its risks associated with interest rate and foreign exchange 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.

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

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

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

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

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

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

DEVELOPMENT PROPERTIES - Development properties for sale are stated at cost, which include cost of land and construction, related overhead expenditure and borrowing costs incurred during the period of construction. Profits are recognised based on the percentage of completion method. The amount brought into the financial statements is the direct proportion of total expected project profits attributable to the actual sales contracts signed, but only to the extent that it relates to the stage of physical completion determined based on the proportion of the construction costs incurred to date to the estimated total construction cost. 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.

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

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

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

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

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

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

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

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

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, 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	-	2 to 50 years
Plant and equipment, furniture, fixtures and fittings	-	3 to 20 years

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

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

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

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

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 (net of deferred tax where applicable) 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 arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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.

The Group's policy for goodwill arising on the acquisition of an associate or a jointly controlled entity is described under the accounting policy for associates and jointly controlled entities.

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

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

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

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

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

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

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread over on a straight-line basis over the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and is discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

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.

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 minority interest, as appropriate). Such reserves are reclassified from equity to profit or loss (as a reclassification adjustment) on disposal.

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

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 RISKS AND CAPITAL RISKS MANAGEMENT

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial Assets				
Held-for-trading investments	2,540	–	–	–
Derivative financial instruments	–	3,765	–	3,765
Advances and receivables (including cash and bank balances)	298,945	371,447	760,946	734,025
Available-for-sale investments	5,068	7,831	–	–
Financial liabilities				
Derivative financial instruments	2,075	1,541	–	–
Other financial liabilities	1,435,727	1,475,987	726,631	732,203

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

Interest rate risk
The Group's exposure to the risk of changes in interest rates relates mainly to its bank borrowings. 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 $3.5 million and $0.4 million respectively (2008: $4.2 million and $0.8 million respectively).

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

Foreign exchange risk

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, Indonesian rupiah, Hong Kong dollars and Thai baht.

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

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

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
United States dollars	88,833	82,118	80,465	83,679	27,544	11,961	31,411	57,852
Sterling pounds	12,779	11,592	31,139	28,637	12,779	11,592	13,235	11,183
Indonesian rupiah	4,955	3,925	2,048	2,064	–	–	–	–
Hong Kong dollars	30,414	32,490	17,367	15,789	–	–	–	–
Thai baht	–	–	53,684	4,446	–	–	–	–

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 analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. Based on the sensitivity analysis performed, a 10% increase/decrease in the functional currency against the relevant foreign currencies is expected to increase or decrease profit before tax of the Group and the Company by $1.1 million (2008: $1.0 million) and $0.4 million (2008: $Nil) respectively, and increase or decrease the equity of the Group by $5.0 million (2008: $3.1 million).

Management is of the view that the above sensitivity analysis may not be representative of the inherent foreign exchange risk as year end exposure may not reflect the actual exposure and circumstances during the year.

Credit risk

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

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

Liquidity risk

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.

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

Liquidity risk analysis

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

	Carrying amount $'000	Contractual cash flows (including interest payments) Total $'000	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000
Group					
2009					
Non-interest bearing	96,627	96,627	95,156	1,471	–
Interest bearing	1,341,175	1,413,815	215,819	1,194,787	3,209
	1,437,802	1,510,442	310,975	1,196,258	3,209
2008					
Non-interest bearing	119,394	119,394	117,701	1,693	–
Interest bearing	1,358,134	1,444,368	425,840	1,013,800	4,728
	1,477,528	1,563,762	543,541	1,015,493	4,728
Company					
2009					
Non-interest bearing	64,642	64,642	64,642	–	–
Interest bearing	661,989	703,354	135,518	567,836	–
	726,631	767,996	200,160	567,836	–
2008					
Non-interest bearing	63,284	63,284	63,284	–	–
Interest bearing	668,919	706,430	207,650	498,780	–
	732,203	769,714	270,934	498,780	–

The Group and the Company have provided corporate guarantees of $73 million (2008: $110 million) and $602 million (2008: $548 million) to financial institutions in respect of credit facilities granted to certain associates and jointly controlled entity 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 22.

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

Market risk

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 equity prices would not have a significant impact on the Group's profit before tax and equity for the year.

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 shareholders" 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, 2009, and December 31, 2008.

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

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, 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.

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;

ii) the fair value of derivative instruments are determined using marked-to-market valuations available from financial institutions, determined in accordance with generally accepted pricing models, taking into consideration duration of the instruments and quotes for similar instruments; and

iii) the fair value of unquoted financial instruments are determined in accordance with Note 17.

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			
2009			
Financial assets			
Held-for-trading investments	2,540	2,540	–
Available-for-sale investments	5,068	–	5,068
Total	7,608	2,540	5,068
Financial liabilities			
Derivative financial instruments	2,075	–	2,075
2008			
Financial assets			
Derivative financial instruments	3,765	–	3,765
Available-for-sale investments	7,831	812	7,019
Total	11,596	812	10,784
Financial liabilities			
Derivative financial instruments	1,541	–	1,541
Company			
2008			
Financial assets			
Derivative financial instruments	3,765	–	3,765

5. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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 are as follows:

	Group	
	2009 $'000	2008 $'000
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	342	546
Rental income	(13,370)	(13,184)
Transactions with associates:		
Management fee income	(1,868)	(2,187)
Rental income	(110)	(113)
Transactions with a jointly controlled entity:		
Management fee income	–	(1,034)

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

	Group	
	2009 $'000	2008 $'000
Short-term benefits	7,015	6,910
Post-employment benefits	276	377
Share-based payments	786	810
	8,077	8,097

6. CASH AND BANK BALANCES

a) As at December 31, 2009, cash and bank balances of approximately $688,000 (2008: $681,000) were pledged to the banks to secure credit facilities for certain subsidiaries of the Group.

b) The bank deposits of the Group bear annual interest ranging from 0% to 4.1% (2008: 0% to 7.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
United States dollars	10,882	11,023	3,849	140
Sterling pounds	445	373	442	369
Indonesian rupiah	941	844	–	–

7. HELD-FOR-TRADING INVESTMENTS

	Group	
	2009 $'000	2008 $'000
Quoted equity shares, at fair value	2,540	–

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables	144,245	168,846	3,329	2,771
Less: Allowances for doubtful receivables	(395)	(302)	(20)	(68)
	143,850	168,544	3,309	2,703
Deposits	1,200	6,292	226	1,228
Other receivables	1,433	3,998	293	196
Prepayments	5,960	6,212	276	225
Rental deposits	52	71	–	–
Tax recoverable	175	307	–	–
Total	152,670	185,424	4,104	4,352

Movement in allowance for doubtful receivables:

Balance at beginning of year	302	177	68	29
Amount written off during the year	(56)	(102)	–	–
Amount recovered during the year	–	(37)	–	–
Increase (decrease) in allowance recognised in profit or loss	151	269	(48)	39
Exchange realignment	(2)	(5)	–	–
Balance at end of year	395	302	20	68

Interest on certain overdue trade balances is charged at rates ranging from 14% to 18% (2008: 14% to 18%) per annum on the outstanding balance. 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 $5.1 million (2008: $5.5 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 48 days (2008: 50 days).

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

	Group	
	2009 $'000	2008 $'000
Indonesian rupiah	1,107	1,220
United States dollars	390	263
Hong Kong dollars	–	3,002

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Interest rate swaps	(584)	–	–	–
Cross currency swaps	–	3,765	–	3,765
Non-current				
Interest rate swaps	(1,491)	(1,541)	–	–
Total	(2,075)	2,224	–	3,765

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with notional value of $152.5 million (2008: $100 million) have interest payments at a weighted average rate of 2.4% (2008: 2.5%) per annum as at December 31, 2009, and have floating interest receipts at Swap Offer Rate. The interest rate swaps will mature in 2010 and 2011 and are settled on quarterly and semi-annually (2008: quarterly and semi-annually) basis. The Group settles the difference between the fixed and floating interest rates on a net basis.

The Group also used cross currency swaps to manage its exposure to exchange rate movements on its investments. As at December 31, 2008, the notional value of outstanding cross currency swaps to which the Group had committed was $50 million. This cross currency swap expired during the year.

The fair values of swaps as at December 31, 2009 are estimated to be a loss of $2,075,000 (2008: gain of $2,224,000). All of these swaps are designated and effective as cash flow hedges and the fair values thereof have been deferred in equity.

10. INVENTORIES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Saleable merchandise	5,334	5,632	561	494
Operating supplies	2,100	2,639	12	7
Total	7,434	8,271	573	501

11. DEVELOPMENT PROPERTIES

	Group	
	2009 $'000	2008 $'000
Cost incurred and attributable profits	307,998	585,779
Less: Progress payments received and receivable	–	(215,864)
Net	307,998	369,915

Finance costs of $13,498,000 (2008: $10,515,000) 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 1.0% to 6.0% (2008: 1.3% to 6.5%) per annum.

Included in cost incurred is an amount of $308 million (2008: $300 million) relating to development properties of which no progress payments were received.

During the year, development properties amounting to $64,405,000 were completed and reclassified as completed properties held for sale (Note 12).

12. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
Four Seasons Park 12 Cuscaden Walk Singapore 249692	Freehold	Nil (2008: 1) unit of condominium with an aggregate floor area of approximately Nil (2008: 2,260) square feet
Robertson Blue 86 Robertson Quay Singapore 238247	Freehold	Nil (2008: 4) commercial units with an aggregate floor area of approximately Nil (2008: 6,233) square feet
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	79* condominium units with an aggregate floor area of approximately 166,496 square feet

* These had been reclassified from development properties (Note 11) during the year.

13. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Associates (Note 14)	317,858	246,368	2,361	2,361
Jointly controlled entities (Note 15)	98,398	49,507	–	–
	416,256	295,875	2,361	2,361
Amount due from associates – current (Note 14)	49,857	74,468	9,531	9,891
Amount due from jointly controlled entities – current (Note 15)	55,751	82,187	–	–
	105,608	156,655	9,531	9,891

14. ASSOCIATES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cost of investments in associates	147,299	154,338	245	245
Share of post-acquisition results and reserves net of dividend received	(163,129)	(142,205)	–	–
Advances to associates	333,688	234,235	2,116	2,116
Net	317,858	246,368	2,361	2,361

As at December 31, 2009, the advances to associates of $333,688,000 (2008: $234,235,000) and $2,116,000 (2008: $2,116,000) are in substance net investment in the associates.

As at December 31, 2009, the amounts due from associates (classified as current asset) to the Group and Company of $49,857,000 (2008: $74,468,000) and $9,531,000 (2008: $9,891,000) respectively are unsecured, interest-free and repayable on demand.

As at December 31, 2008, the amount due to associate of $457,000 was unsecured, interest-free and repayable on demand.

14. ASSOCIATES (cont'd)

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	
	2009 $'000	2008 $'000
Non-current		
Sterling pounds	30,694	28,264
Current:		
Malaysian ringgit	704	675
Hong Kong dollars	17,367	15,789
United States dollars	10,818	10,728

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

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

	Group	
	2009 $'000	2008 $'000
Statement of financial position		
Total assets	3,325,707	2,825,091
Total liabilities	(3,443,929)	(2,792,366)
Net (liabilities) assets	(118,222)	32,725
Income statement		
Revenue	199,786	231,773
Loss for the year	(65,170)	(32,122)
Group's share of results of associates	(6,151)	(7,370)

The Group had not recognised profit arising in the current financial year amounting to $31,000 (2008: $127,000) in an associate. The accumulated losses not recognised were $593,000 (2008: $624,000).

15. JOINTLY CONTROLLED ENTITIES

	Group	
	2009 $'000	2008 $'000
Cost of investments in jointly controlled entities	43,424	41,210
Share of post-acquisition results and reserves	1,290	3,851
Advances to a jointly controlled entity	53,684	4,446
Total	98,398	49,507

As at December 31, 2009, the advances to a jointly controlled entity of $53,684,000 bears interest at a weighted average rate of 5.4% per annum and is substantially secured by a property of the jointly controlled entity. As at December 31, 2008, the advances to a jointly controlled entity of $4,446,000 bore interest at a weighted average rate of 6.5% per annum, was unsecured, subordinated to a bank loan extended to the jointly controlled entity and the shares of the jointly controlled entity were pledged as security for the bank loan.

As at December 31, 2009, the amounts due from jointly controlled entities (classified as current asset) to the Group of $55,751,000 (2008: $82,187,000) are unsecured, interest-free and repayable on demand.

15. JOINTLY CONTROLLED ENTITIES (cont'd)

Significant advances to a jointly controlled entity and amounts due from jointly controlled entities that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2009 $'000	2008 $'000
Current:		
United States dollars	53,442	54,778
Non-current:		
Thai Baht	53,684	4,446

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

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

	Group	
	2009 $'000	2008 $'000
Statement of financial position		
Total assets	546,297	571,849
Total liabilities	(436,599)	(464,333)
Net assets	109,698	107,516
Income statement		
(Loss) Profit for the year	(6,537)	1,890
Group's share of results of jointly controlled entities	(2,298)	1,884

16. SUBSIDIARIES

	Company	
	2009 $'000	2008 $'000
Total advances to subsidiaries	1,136,587	1,131,342
Less: Impairment loss	(16,017)	(16,017)
	1,120,570	1,115,325
Less: Amount due from subsidiaries classified as current asset	(733,291)	(709,713)
Non-current advances to subsidiaries	387,279	405,612
Unquoted equity shares, at cost	174,278	174,278
Total	561,557	579,890

As at December 31, 2009, advances to subsidiaries of $387,279,000 (2008: $405,612,000) bear interest at rates ranging from 2.8% to 3.5% (2008: 2.8% to 3.2%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $733,291,000 (2008: $709,713,000) are unsecured, interest-free and repayable on demand.

Impairment loss recognised during the previous financial year amounted to $11,100,000. Impairment loss is determined based on estimated irrecoverable amounts by reference to the financial conditions of the subsidiaries.

16. SUBSIDIARIES (cont'd)

As at December 31, 2009, the amounts due to subsidiaries of $45,565,000 (2008: $44,537,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $102,895,000 (2008: $95,386,000) bear interest at rates ranging from 2.3% to 4.0% (2008: 3.1%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $11,690,000 (2008: $10,122,000).

Significant amount due from subsidiaries that are not denominated in the functional currency of the Company are as follows:

	Company	
	2009 $'000	2008 $'000
Current:		
United States dollars	27,562	57,712
Sterling pounds	12,793	10,814

Significant advances from subsidiaries that are not denominated in the functional currency of the Company are as follows:

	Company	
	2009 $'000	2008 $'000
Non-current:		
United States dollars	5,540	–

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

17. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009 $'000	2008 $'000
Quoted equity shares, at fair value	–	812
Unquoted equity shares, at fair value	5,068	7,019
Total	5,068	7,831

The fair values of quoted equity shares were determined based on reference to quoted market prices. The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values.

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

	Group	
	2009 $'000	2008 $'000
United States dollars	4,933	6,884

18. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	Group	
	2009 $'000	2008 $'000
Prepaid rent	870	986
Less: Current portion of prepaid rent included in prepayments (Note 8)	(91)	(94)
	779	892

19. 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, 2008	462,888	116,872	577,166	283,926	41,572	1,482,424
Additions	1,323	–	10,953	32,885	27,436	72,597
Arising from divestment of subsidiary	(15,888)	–	(5,246)	(200)	(6,678)	(28,012)
Reclassification	–	–	49,397	10,783	(60,180)	–
Disposals	–	–	(121)	(3,035)	–	(3,156)
Exchange realignment	(2,635)	–	(5,569)	(3,499)	(1,180)	(12,883)
At December 31, 2008	445,688	116,872	626,580	320,860	970	1,510,970
Additions	492	–	1,469	18,035	122	20,118
Reclassification	–	–	727	12	(739)	–
Disposals	–	–	(65)	(7,677)	–	(7,742)
Exchange realignment	309	–	(3,870)	428	15	(3,118)
At December 31, 2009	446,489	116,872	624,841	331,658	368	1,520,228
Comprising:						
December 31, 2008						
At cost	90,762	116,872	626,580	320,860	970	1,156,044
At valuation	354,926	–	–	–	–	354,926
	445,688	116,872	626,580	320,860	970	1,510,970
December 31, 2009						
At cost	91,030	116,872	624,841	331,658	368	1,164,769
At valuation	355,459	–	–	–	–	355,459
	446,489	116,872	624,841	331,658	368	1,520,228
Accumulated depreciation:						
At January 1, 2008	10,699	24,960	161,998	198,737	–	396,394
Depreciation for the year	1,256	1,313	22,824	23,843	–	49,236
Disposals	–	–	(11)	(2,341)	–	(2,352)
Exchange realignment	(17)	–	(2,891)	(889)	–	(3,797)
Arising from divestment of subsidiary	(1)	–	(37)	(27)	–	(65)
At December 31, 2008	11,937	26,273	181,883	219,323	–	439,416
Depreciation for the year	976	1,313	20,910	26,859	–	50,058
Disposals	–	–	(64)	(6,672)	–	(6,736)
Exchange realignment	(267)	–	424	1,597	–	1,754
At December 31, 2009	12,646	27,586	203,153	241,107	–	484,492
Impairment loss:						
At January 1, 2008	297	–	–	–	–	297
Exchange realignment	(13)	–	–	–	–	(13)
At December 31, 2008	284	–	–	–	–	284
Exchange realignment	(4)	–	–	–	–	(4)
At December 31, 2009	280	–	–	–	–	280
Carrying amount:						
At December 31, 2009	433,563	89,286	421,688	90,551	368	1,035,456
At December 31, 2008	433,467	90,599	444,697	101,537	970	1,071,270

19. PROPERTY, PLANT AND EQUIPMENT (cond't)

	Freehold and leasehold land $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Total $'000
Company				
Cost or valuation:				
At January 1, 2008	208,800	24,955	83,038	316,793
Additions	–	–	7,221	7,221
Disposals	–	–	(2,910)	(2,910)
At December 31, 2008	208,800	24,955	87,349	321,104
Additions	–	–	2,816	2,816
Disposals	–	(64)	(1,145)	(1,209)
At December 31, 2009	208,800	24,891	89,020	322,711
Comprising:				
December 31, 2008				
At valuation	208,800	–	–	208,800
At cost	–	24,955	87,349	112,304
	208,800	24,955	87,349	321,104
December 31, 2009				
At valuation	208,800	–	–	208,800
At cost	–	24,891	89,020	113,911
	208,800	24,891	89,020	322,711
Accumulated depreciation:				
At January 1, 2008	–	15,423	69,810	85,233
Depreciation for the year	–	420	4,581	5,001
Disposals	–	–	(2,566)	(2,566)
At December 31, 2008	–	15,843	71,825	87,668
Depreciation for the year	–	419	4,674	5,093
Disposals	–	(64)	(660)	(724)
At December 31, 2009	–	16,198	75,839	92,037
Carrying amount:				
At December 31, 2009	208,800	8,693	13,181	230,674
At December 31, 2008	208,800	9,112	15,524	233,436

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

Had the 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 $198 million (2008: $198 million) and $98 million (2008: $98 million) respectively.

For the year ended December 31, 2008, finance costs of $494,000 arising from financing specifically entered into for the development of property were capitalised during the year. The rates of interest relating to finance costs ranged from 3.7% to 6.0% per annum.

As at December 31, 2009, certain property, plant and equipment with total carrying amount of $960 million (2008: $993 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 $1,922,000 (2008: $2,429,000) held under finance lease.

For the year ended December 31, 2008, the Group acquired property, plant and equipment with an aggregate cost of $2,513,000 by means of finance lease.

20. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to $26.4 million (2008: $25.4 million) and $7.2 million (2008: $7.7 million) respectively for the year ended December 31, 2009.

For the year ended December 31, 2008, additions and fair value loss recognised amounted to $0.1 million and $30.3 million respectively.

Certain investment properties amounting to approximately $590 million as at December 31, 2009 (2008: $590 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, 2009 and 2008 have been determined by independent professional valuers based on open market values.

21. INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2008	11,876	6,329	18,205
Exchange realignment	8	(113)	(105)
At December 31, 2008	11,884	6,216	18,100
Exchange realignment	(157)	64	(93)
At December 31, 2009	11,727	6,280	18,007
Accumulated amortisation:			
At January 1, 2008	–	2,333	2,333
Amortisation charged against other non-operating income	–	332	332
Exchange realignment	–	(38)	(38)
At December 31, 2008	–	2,627	2,627
Amortisation charged against other non-operating income	–	332	332
Exchange realignment	–	22	22
At December 31, 2009	–	2,981	2,981
Carrying amount:			
At December 31, 2009	11,727	3,299	15,026
At December 31, 2008	11,884	3,589	15,473

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 amounts of goodwill attributable to certain investment properties and certain property, plant and equipment are approximately $0.7 million (2008: $0.7 million) and $11.0 million (2008: $11.2 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 use cash flow projections based on financial budgets. Cash flow projections are prepared for the next five years or longer based on estimated growth rates ranging from 7% to 9% (2008: 8% to 12%). The rates used to discount the forecasted cash flow range from 6% to 16% (2008: 8% to 16%).

22. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Due after twelve months				
Long-term bank loans	787,022	720,134	86,059	143,966
Notes payable	358,070	239,620	358,070	239,620
	1,145,092	959,754	444,129	383,586
Other long-term liabilities	10,475	11,025	–	–
Hire purchase creditors	1,560	2,016	–	–
Advance receipts	339	1,693	–	–
Others	1,132	–	–	–
	1,158,598	974,488	444,129	383,586
Due within twelve months				
Current portion of long-term bank loans	33,982	28,095	–	–
Notes payable	114,965	189,947	114,965	189,947
Short-term bank loans	27,590	161,509	–	–
	176,537	379,551	114,965	189,947
Bank overdraft	1,154	–	–	–
Current portion of other long-term liabilities (Note 23)	3,791	3,886	–	–
Current portion of hire purchase creditors (Note 23)	491	361	–	–
Current portion of advance receipts (Note 23)	1,354	1,354	–	–
	183,327	385,152	114,965	189,947
Bankers' guarantees	28,852	28,257	662	396

a) Bank loans (secured), notes payable (unsecured), other long-term liabilities (secured) and bank overdraft (secured) bear floating interest rates ranging from 0.7% to 7.5% (2008: 1.1% to 7.5%) per annum, and certain notes payable (unsecured) bear fixed interest rates ranging from 3.3% to 5.3% (2008: 2.5% to 4.3%) per annum. The carrying amount and fair value of these notes are $473,035,000 and $482,675,000 (2008: $404,578,000 and $408,613,000) respectively. The long-term facilities are repayable from 2010 to 2026 (2008: 2009 to 2026).

b) Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 19 and 20); 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, a subsidiary and certain minority 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 $2.3 million and $2.1 million (2008: $2.8 million and $2.4 million) respectively. Approximately 74% and 76% (2008: 82% and 85%) of the minimum lease payments and its present value are payable in the second to fifth year (inclusive) respectively. The lease obligations are denominated in Thai Baht.

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 in (b) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries.

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

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
United States dollars	88,169	80,734	22,004	11,961
Sterling pounds	12,779	11,592	12,779	11,592
Hong Kong dollars	30,414	32,490	–	–

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade payables	72,180	89,983	19,077	18,747
Accrued employee-related expenses	7,564	8,591	–	–
Accrued operating expenses	10,322	9,398	–	–
Amount payable relating to acquisition of capital assets	608	2,242	–	–
Current portion of other long-term liabilities (Note 22)	3,791	3,886	–	–
Current portion of advance receipts (Note 22)	1,354	1,354	–	–
Current portion of hire purchase creditors (Note 22)	491	361	–	–
Due to companies in which certain directors have interests*	242	259	–	–
Interest payable to non-related companies	2,048	3,031	–	–
Others	838	2,386	–	–
Total	99,438	121,491	19,077	18,747

* 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 (2008: 1 to 2 months).

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

	Group	
	2009 $'000	2008 $'000
United States dollars	664	1,384
Indonesian rupiah	4,955	3,925

24. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax assets	(679)	(128)	–	–
Deferred tax liabilities	29,395	28,897	1,127	918
Net	28,716	28,769	1,127	918

24. 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	Accelerated tax depreciation $'000	Temporary differences arising from recognition of profits on uncompleted projects $'000	Temporary differences arising from fair value changes $'000	Other temporary differences $'000	Total $'000
Group						
At January 1, 2008	(1,710)	7,117	(253)	12,699	2,599	20,452
Charge to (Reversal from) profit or loss	148	709	8,725	(478)	452	9,556
Effect of changes in tax rate	96	(875)	–	–	–	(779)
Arising from divestment of subsidiary	–	–	–	(298)	–	(298)
Exchange realignment	6	(6)	(156)	–	(6)	(162)
At December 31, 2008	(1,460)	6,945	8,316	11,923	3,045	28,769
Charge to (Reversal from) profit or loss	869	1,228	(1,408)	(447)	505	747
Effect of changes in tax rate	–	(151)	–	(662)	–	(813)
Exchange realignment	1	(136)	146	–	2	13
At December 31, 2009	(590)	7,886	7,054	10,814	3,552	28,716

	Accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
Company			
At January 1, 2008	669	12	681
Charge to profit or loss	233	4	237
At December 31, 2008	902	16	918
Charge to profit or loss	256	3	259
Effect of changes in tax rate	(50)	–	(50)
At December 31, 2009	1,108	19	1,127

25. SHARE CAPITAL AND OPTIONS

	Group and Company			
	2009	2008	2009	2008
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At beginning of year	504,503,351	504,211,851	681,322	681,040
Issue of shares	236,500	291,500	–	63
Transfer from option reserve account	–	–	239	219
At end of year	504,739,851	504,503,351	681,561	681,322

25. SHARE CAPITAL AND OPTIONS (cont'd)

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

Under the Hotel Properties Limited Share Option Scheme, options to subscribe for the Company's ordinary shares may be granted to executives of the Company. The scheme is 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 market days preceding the date of grant. 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			
	2009		2008	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	4,570,000	2.27	3,755,000	2.27
Granted during the year	1,050,000	1.72	950,000	2.33
Exercised during the year	–	–	(55,000)	1.15
Cancelled during the year	–	–	(80,000)	4.00
Outstanding at the end of the year	5,620,000	2.17	4,570,000	2.27
Exercisable at the end of the year	3,620,000	2.25	2,200,000	1.12

The weighted average market price at the date of exercise for share options exercised during the previous financial year was $2.91. The options outstanding at the end of the year have a weighted average remaining contractual life of 7.22 (2008: 7.57) years.

The estimated fair value of the options granted during the year is $0.77 (2008: $0.84). The fair value determined using The Black-Scholes pricing model was based on a share price of $2.17 (2008: $3.00) at the date of grant, and an expected life of 2 years (2008: 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 61% (2008: 44%) based on historical volatility of the Company's share prices over the previous 2.5 years (2008: 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	
	2009	2008
	Number of performance shares	Number of performance shares
Outstanding at the beginning of the year	946,000	473,000
Granted during the year	–	709,500
Released during the year	(236,500)	(236,500)
Outstanding at the end of the year	709,500	946,000

The estimated average fair value of the performance shares granted during the previous financial year was $0.70. The fair value determined using The Black-Scholes pricing model was based on a share price of $2.94 at the date of grant, and an average expected life or vesting period of 3.5 years. The risk-free interest rate was based on the yield curve of Singapore Government securities as at grant date. The expected volatility was 45% based on historical volatility of the Company's share prices over the previous 2.5 years.

The Group recognised total expenses of $1,357,000 (2008: $1,395,000) related to equity-settled share-based payment transactions during the year.

26. 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, 2008	222,498	(63,636)	1,040	915	4,695	165,512
Share-based payments during the year	–	–	–	1,395	–	1,395
Total comprehensive loss for the year	–	(16,058)	(10,121)	–	(6,389)	(32,568)
Transfer during the year	–	–	–	(219)	–	(219)
Balance as at December 31, 2008	222,498	(79,694)	(9,081)	2,091	(1,694)	134,120
Share-based payments during the year	–	–	–	1,357	–	1,357
Total comprehensive income (loss) for the year	(1,019)	4,075	119	–	1,879	5,054
Transfer during the year	–	–	–	(239)	–	(239)
Balance as at December 31, 2009	221,479	(75,619)	(8,962)	3,209	185	140,292

	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Total $'000
Company				
Balance as at January 1, 2008	110,785	(622)	915	111,078
Share-based payments during the year	–	–	1,395	1,395
Total comprehensive income for the year	–	21	–	21
Transfer during the year	–	–	(219)	(219)
Balance as at December 31, 2008	110,785	(601)	2,091	112,275
Share-based payments during the year	–	–	1,357	1,357
Total comprehensive income for the year	–	601	–	601
Transfer during the year	–	–	(239)	(239)
Balance as at December 31, 2009	110,785	–	3,209	113,994

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 is determined to be an effective hedge.

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

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

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

27. REVENUE

An analysis of the Group's revenue for the year is as follows:

	Group	
	2009 $'000	2008 $'000
Sales	59,911	160,274
Hotel revenue	353,084	421,256
Rental income	27,753	26,762
Management fee	2,433	3,721
Total	443,181	612,013

Included in sales is an amount of $42,043,000 (2008: $157,361,000) being revenue recognised based on percentage of completion method on development properties.

28. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2009 $'000	2008 $'000
Staff costs (including share-based payments)	98,115	103,724
Cost of defined contribution plans included in staff costs	5,294	5,227
Cost of inventories recognised as expense	32,087	35,099
Depreciation and amortisation	50,390	49,568
Non-audit fees paid to auditors:		
Auditors of the Company	66	39
Other auditors	49	24
Allowance for doubtful trade receivables	151	269
Fair value (gain) loss on held-for-trading investments	(862)	13,480
Interest income	(310)	(849)
Dividend Income (gross)	(50)	(177)
Insurance proceeds*	–	(1,026)
Gain on disposal of available-for-sale investments*	(1,018)	–
Gain on disposal of an associate*	(4,651)	–
Gain on divestment of subsidiary*	–	(505)
Foreign exchange adjustment loss (gain) (net)*	266	(859)

* These are included in other non-operating income (net).

29. INCOME TAX EXPENSE

	Group 2009 $'000	Group 2008 $'000
Current tax	15,425	10,065
Deferred tax	(66)	8,777
	15,359	18,842
Overprovision in prior years	(582)	(2,201)
	14,777	16,641

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2008: 18%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group 2009 $'000	Group 2008 $'000
Profit before income tax and share of results of associates and jointly controlled entities	60,451	62,143
Tax calculated at a tax rate of 17% (2008: 18%)	10,277	11,186
Non-deductible items	2,799	5,349
Tax exemption	(294)	(261)
Utilisation of unabsorbed tax losses brought forward	(102)	(2,239)
Deferred tax asset on tax losses arising during the year not recorded	1,666	898
Effect of changes in tax rate	(813)	(779)
Effect of different tax rate of overseas operations	1,826	4,688
	15,359	18,842
Effective tax rate	25.4%	30.3%

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 $62,500,000 and $387,000 (2008: $62,061,000 and $78,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax assets has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating $39,874,000 (2008: $38,979,000) will expire within the next 5 years.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $11,000 (2008: $3,509,000) and capital allowances of $Nil (2008: $17,000) arising in the current year are transferred to the Company under the group relief system. These tax losses and capital allowances are transferred from certain subsidiaries of the Group at no consideration.

30. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to shareholders of the Company of $35,241,000 (2008: $32,880,000) divided by the weighted average number of ordinary shares of 504,513,718 (2008: 504,258,383) in issue during the year.

Diluted earnings per share is based on 505,766,218 (2008: 504,598,057) ordinary shares assuming the full exercise of outstanding share options and release of performance shares (Paragraph 5 of Directors' report) during the year and adjusted Group earnings of $35,253,000 (2008: $32,880,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2009 **$'000**	**2008** **$'000**
Profit attributable to shareholders of the Company used to compute basic and diluted earnings per share	35,241	32,880

	Group	
	2009 **No. of shares ('000)**	**2008** **No. of shares ('000)**
Weighted average number of ordinary shares used to compute basic earnings per share	504,514	504,258
Adjustment for potential dilutive ordinary shares	1,252	340
Weighted average number of ordinary shares used to compute diluted earnings per share	505,766	504,598
Basic earnings per share	6.99 cents	6.52 cents
Diluted earnings per share	6.97 cents	6.52 cents

31. DIVIDENDS

In 2008, the Company declared and paid a final one-tier tax-exempt dividend of 5 cents per ordinary share of the Company totaling $25,213,000 in respect of the financial year ended December 31, 2007.

In 2009, the Company declared and paid a final one-tier tax-exempt dividend of 1 cent per ordinary share of the Company totaling $5,045,000 in respect of the financial year ended December 31, 2008.

Subsequent to December 31, 2009, the directors of the Company recommended that a final one-tier tax-exempt dividend be paid at 2 cents per ordinary share of the Company totaling $10,095,000 for the financial year ended December 31, 2009. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – *Events After The Balance Sheet Date.*

32. CAPITAL COMMITMENTS

	Group 2009 $'000	Group 2008 $'000
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	31,343	86,247
Approved but not contracted for	–	2,077

33. OPERATING LEASE COMMITMENTS

	Group 2009 $'000	Group 2008 $'000
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	8,848	5,772

At the end of the reporting period, commitments in respect of operating leases for islands, shop and office premises are as follows:

	Group 2009 $'000	Group 2008 $'000
Future minimum lease payable:		
Within 1 year	7,906	7,763
Within 2 to 5 years	34,090	33,975
After 5 years	142,511	66,086
Total	184,507	107,824

The Group as lessor

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

	Group 2009 $'000	Group 2008 $'000
Future minimum lease receivable:		
Within 1 year	25,216	24,908
Within 2 to 5 years	18,343	23,147
Total	43,559	48,055

The tenancy arrangements range from one to five years.

34. BUSINESS SEGMENT INFORMATION

a) The business 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 are recognised based on percentage of completion 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 identifiable assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment and intangible assets.

34. BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
REVENUE										
External sales	357,963	427,679	85,146	184,244	72	90	–	–	443,181	612,013
Inter-segment sales	–	–	309	346	–	–	(309)	(346)	–	–
Total revenue	357,963	427,679	85,455	184,590	72	90	(309)	(346)	443,181	612,013
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	49,313	88,435	39,289	49,283	2,462	(12,324)	–	–	91,064	125,394
Fair value loss in investment properties	–	–	–	(30,254)	–	–	–	–	–	(30,254)
Segment results	49,313	88,435	39,289	19,029	2,462	(12,324)	–	–	91,064	95,140
Finance costs									(30,923)	(33,846)
Interest income									310	849
Share of results of equity accounted investees before fair value changes in investment properties	(4,451)	1,585	(1,355)	(1,857)	56	2,125	–	–	(5,750)	1,853
Share of fair value loss in investment properties of equity accounted investees	–	–	(2,699)	(7,339)	–	–	–	–	(2,699)	(7,339)
Income tax expense									(14,777)	(16,641)
Minority interests									(1,984)	(7,136)
Net profit									35,241	32,880
OTHER INFORMATION										
Segment assets	1,072,099	1,111,711	1,154,319	1,186,576	7,679	8,011	–	–	2,234,097	2,306,298
Investment in equity accounted investees	135,408	90,437	377,774	353,765	8,682	8,328	–	–	521,864	452,530
Unallocated corporate assets									22,593	20,794
Consolidated total assets									**2,778,554**	**2,779,622**

34. BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Segment liabilities	72,976	75,274	31,074	49,292	354	2,493	–	–	104,404	127,059
Unallocated corporate liabilities									1,372,129	1,387,253
Consolidated total liabilities									1,476,533	1,514,312
Additions to non-current assets	66,248	78,277	86,397	152,436	64	1,387	–	–	152,709	232,100
Depreciation and amortisation	49,130	48,678	1,257	885	3	5	–	–	50,390	49,568
Non-cash (income) expenses other than depreciation and amortisation	694	(843)	–	(117)	(428)	101	–	–	266	(859)

d) Information by geographic regions:

	Revenue		Non-current assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Singapore	180,912	196,740	1,376,718	1,300,494
The rest of Asia	240,044	390,204	636,305	625,287
Australasia	10,170	13,510	7,594	8,060
U.S.A.	11,599	10,953	34,366	36,236
United Kingdom	456	606	29,115	30,014
	443,181	612,013	2,084,098	2,000,091

35. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2009 %	Group's Effective Interest 2008 %
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 and letting out of properties	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 (SEA) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100
Luxury Holdings Pte Ltd	Investment holding company	Singapore	85	85
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd [(1)]	Hotelier	Malaysia	100	100

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2009 %	Group's Effective Interest 2008 %
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	–
Concorde Hotel New York Inc. * (7)	Investment holding company	U.S.A.	100	–
Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1)	Hotel management	Malaysia	100	100
Coralbell Pty Ltd (7)	Investment holding company	Australia	100	100
Eastpoint Investments Limited (1)	Investment holding company	United Kingdom	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100	100
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	100
HPL (Eaton) Ltd (1)	Dormant	United Kingdom	100	100
HPL Hotels Pty Ltd (7)	Provision of administrative services	Australia	100	100

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2009 %	Group's Effective Interest 2008 %
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL Investments (1990) Pte Ltd	Property development and investment holding company	Singapore	100	100
HPL Property 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
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong / Maldives	70	70
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

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2009 %	Group's Effective Interest 2008 %
NYC 55., Corp. (4)	Hotelier	U.S.A.	100	100
Pebble Bay (Thailand) Co. Ltd (3)	Property development	Thailand	74	74
PT Amanda Arumdhani (2)	Hotelier	Indonesia	100	100
PT Amanda Citra (2)	Dormant	Indonesia	100	100
PT Amanda Natha (2)	Hotelier	Indonesia	100	100
PT Amanda Pramudita (2)	Hotelier	Indonesia	100	100
PT Amanda Surya (2)	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
South West Pacific Investments Limited (6)	Hotelier / Casino operator	Vanuatu	100	100
Sovereign Builders & Development Sdn Bhd (1)	Investment holding company	Malaysia	100	100
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

35. SUBSIDIARIES (cont'd)

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

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

36. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2009 %	Group's Effective Interest 2008 %
808 Holdings Pte Ltd (1)	Investment holding company	Singapore	33.33	33.33
Ankerite Pte Ltd (1)	Property developer	Singapore	25	25
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Lucky New Investment Limited (2)	Property developer	Hong Kong	20	20
Morganite Pte Ltd (1)	Property developer	Singapore	22.5	22.5
Shanghai Ning Xin Real Estate Development Co. Ltd *	Property developer	People's Republic of China	–	16.49

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

(1) Audited by KPMG, Singapore or its overseas practices
(2) Audited by overseas practices of PricewaterhouseCoopers

* Disposed during the financial year. This company was considered an associate as the Group had the power to participate in the financial and operating policy decisions.

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 2009 %	Group's Effective Interest 2008 %
HPL-Hines Development Pte Ltd	Investment holding	Singapore	85	85
Shanghai 21st Century Real Estate (subsidiary of HPL-Hines Development Pte Ltd)	Property developer	People's Republic of China	61.85	61.85
Laem Ka Properties Co., Ltd [1]	Hotelier and property developer	Thailand	45	45

All companies are audited by Deloitte & Touche LLP, Singapore or its overseas practices for consolidation purposes except for the following:

(1) Audited by overseas practices of Ernst & Young

ADDITIONAL INFORMATION

This report describes Hotel Properties Limited's ("HPL") corporate governance processes and activities in 2009 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	4	N.A.	1	N.A.
Christopher Lim Tien Lock	4	N.A.	N.A.	N.A.
Gordon Seow Li Ming*	1	1	N.A.	1
Arthur Tan Keng Hock	4	4	N.A.	N.A.
Leslie Mah Kim Loong****	4	4	N.A.	N.A.
Michael S. Dobbs-Higginson ***	3	1	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**	1	N.A.	N.A.	N.A.

* Mr Gordon Seow Li Ming retired as Director of the Company on April 29, 2009.
** Mr William Fu Wei Cheng was appointed as Director of the Company on November 6, 2009.
*** Mr Michael S. Dobbs-Higginson was appointed as Audit Committee Member on July 28, 2009.
**** Mr Leslie Mah Kim Loong was appointed as Nominating Committee Chairman on July 28, 2009.

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 the latest governance and listing policies.

Principle 2: Board Composition and Balance

The Board comprises nine directors of whom three are executive directors, two non-executive and non-independent directors and four non-executive and 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 Board comprises 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 29, 2009
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. He also sits on the board of F.J. Benjamin Holdings Limited.

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 HPL 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 25, 2008
Nature of Appointment	:	Group Executive Director

Mr Christopher Lim was appointed on January 7, 1998 as Group Executive Director. He was an alternate Director to Mr Ong Beng Seng from 1995 till 1998. He graduated from the National University of Singapore with a bachelor's degree in Business Administration. Prior to joining HPL in 1989, he held the position of Director and Head of Corporate Finance of NM Rothschild and Sons Singapore Limited.

Mr Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 29, 2009
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 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 Advisor to Crescent Point, Cayman Islands, Doran Capital Partners, Seoul, Korea; Livescribe Limited, California, USA, the Eikon Fund, Athens, Greece and China BoQi, Beijing, PRC. In addition, he has published two books titled "Asia Pacific and its Role in the New World Disorder" and "The Investment Manual for Fixed Income Securities in the International and major Domestic Capital Markets". He attended the Trinity College, Ireland, the Kyoto University, Japan and the School of Oriental and African Studies, London University.

Mr Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of last re-election	:	April 29, 2009
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 since July 5, 1996

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 such as 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 various directorships in 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 20, 2007
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002 Chairman of Nominating Committee since July 28, 2009

He is a fellow member of the Institute of Chartered Accountants in England and Wales. Mr Mah retired as a Director of Eu Yan Sang International Limited on 29 October 2009. Prior to joining Eu Yan Sang International, Mr Mah was Executive Director and Company Secretary for Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director at Harper Gilfillan Limited for 10 years. He also sits on the board of Goodpack Limited as an Independent Director.

Mr David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 25, 2008
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, 2009
Nature of Appointment	:	Executive Director

Mr Stephen Lau was appointed on May 13, 2008 as 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 Group.

Mr William Fu Wei Cheng

Date of appointment as Director	:	November 5, 2009
Date of last re-election	:	N/A
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 for the past 25 years.

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 size of nine directors is appropriate after taking into account 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 experiences of the 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 conformity by management to 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 a board resolution, 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 individual dominates the Board's decision-making process.

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, their 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 on 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 the 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 reviewed the Group's risk management and, based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

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.

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 Eltici e-Risk Pte Ltd who 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 as well as assist in the implementation of a risk management framework.

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 periodically.

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 Share Option Scheme 2000 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 Share Option Scheme 2000 which was approved by the shareholders on June 23, 2000 ("Scheme 2000"); and
- administer the Hotel Properties Limited Performance Share Plan approved by the shareholders on April 28, 2006 ("HPL PSP")

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, subject to approval at the AGM. No director is involved in deciding his own remuneration.

The Remuneration Committee recommends the payment of the directors' fees to be approved by shareholders at the Annual General Meeting 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, 2009 are set out below (within bands of $250,000):

	Fees** %	Salary %	Bonus %	Other benefits* %	Total %
Between $1,000,001 to $1,250,000:					
Christopher Lim Tien Lock	3	62	10	25	100
Between $750,001 to $1,000,000:					
Stephen Lau Buong Lik	4	67	11	18	100
Below $250,000:					
Joseph Grimberg	100				100
Ong Beng Seng	26			74	100
Gordon Seow Li Ming	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 AGM for FY2009.

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 31 December 2009.

The Remuneration Committee administers Scheme 2000 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 the Scheme 2000 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 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, 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 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 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 members with financial statements. In addition, all relevant information on material events and transaction are circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations.

The directors are kept informed by the executive directors on the status of on-going activities between meetings. Where a decision has to be made before a Board meeting, a circulating directors' resolution is done 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 fulfil 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 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.

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, 2009 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2009 (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)
***Associates of Mr Ong Beng Seng / Mr David Fu Kuo Chen**	$'000	$'000
Rental Income	13,370	–
Management Fee expense	342	–

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

The Group has adopted an internal code which prohibits the directors and executives of the Group from dealing in the Company's shares during the periods commencing two weeks and one month prior to the announcement of the Group's quarterly and full year results respectively and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The main properties as at December 31, 2009 are as follows:

A. Classified as Group Property, Plant and Equipment (Note 19 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	8,693	–
Total Freehold and Long-term Leasehold	208,800	8,693	–
FREEHOLD			
Singapore			
A 20-storey hotel building with 254 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646	50,000	91,790	–
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	3,283	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	8,383	–	–
Thailand			
A 10-storey hotel building with 320 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	12,427	18,551	–
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	13,565	31,342	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	15,411	597	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	412	–
United States of America			
A hotel building with 124 rooms (known as Concorde Hotel New York) at 127 East, 55th Street, New York City, New York, U.S.A.	8,773	24,825	–
Total Freehold	128,255	170,800	–

A. Classified as Group Property, Plant and Equipment (Note 19 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)	–	–	89,286
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	380	689	–
Indonesia			
A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran) located at Bukit Permia, Jimbaran Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively)	76,963	7,289	–
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)	1,030	29,757	–
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)	3,889	53,093	–
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)	1,334	4,222	–
Vanuatu			
A holiday resort (known as Le Meridien Port Vila Resort and Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 30, 1980)	1,143	5,181	–

A Classified as Group Property, Plant and Equipment (Note 19 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 35 years from April 16, 1995)	3,731	33,700	–
A resort (known as Four Seasons Resort Maldives at Landaa Giraavaru) located at Baa Atoll, Republic of Maldives (lease expiring 35 years from December 27, 1999)	8,038	57,041	–
A resort (known as Rihiveli Resort) located at Kaafu Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	–	982	–
A resort (known as Holiday Inn Resort Kandooma) located at South Male Atoll, Republic of Maldives (lease expiring 25 years from April 15, 2005)	–	50,241	–
Total Leasehold	96,508	242,195	89,286
TOTAL (Classified as Group Property, Plant and Equipment)	433,563	421,688	89,286

B Classified as Development Properties (Note 11 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	Not yet started	7,143	20,000	Proposed residential development

C Classified as Completed Properties Held for Sale (Note 12 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)
Thailand		
79 condominium units at 125 South Sathorn Road, Bangkok, Thailand	Freehold	15,467

D Classified as Group Investment Properties (Note 20 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

DISTRIBUTION OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 - 999	427	5.54	72,254	0.01
1,000 - 10,000	6,199	80.44	20,375,561	4.04
10,001 - 1,000,000	1,058	13.73	39,539,085	7.83
1,000,001 and above	22	0.29	444,807,951	88.12
Total :	7,706	100.00	504,794,851	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares	%
1.	Oversea-Chinese Bank Nominees Pte Ltd	147,730,170	29.27
2.	Nassim Developments Pte. Ltd.	102,948,000	20.39
3.	Citibank Nominees Singapore Pte Ltd	53,546,537	10.61
4.	HSBC (Singapore) Nominees Pte Ltd	44,452,033	8.81
5.	DBSN Services Pte Ltd	14,706,232	2.91
6.	DBS Nominees Pte Ltd	13,613,602	2.70
7.	Morgan Stanley Asia (Singapore) Securites Pte Ltd	13,159,000	2.61
8.	UOB Kay Hian Pte Ltd	9,070,473	1.80
9.	DBS Vickers Securities (S) Pte Ltd	7,640,620	1.51
10.	United Overseas Bank Nominees Pte Ltd	5,452,258	1.08
11.	Tengku Idris Shah Ibni Sultan Salahuddin Abdul Aziz Shah	5,345,100	1.06
12.	Phillip Securities Pte Ltd	5,133,254	1.02
13.	OCBC Securities Private Ltd	4,248,243	0.84
14.	Reef Holdings Pte Ltd	3,025,000	0.60
15.	Como Holdings Inc	3,020,000	0.60
16.	Kim Eng Securities Pte. Ltd.	2,716,412	0.54
17.	Raffles Nominees (Pte) Ltd	2,503,224	0.50
18.	OCBC Nominees Singapore Pte Ltd	1,876,380	0.37
19.	Goei Siang Hoey	1,348,710	0.27
20.	Christina Ong	1,100,000	0.22
Total :		442,635,248	87.71

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	14.77	–	
Como Holdings Inc	77,175,780	15.29	–	
Born Free Investments Limited	36,459,390	7.22	–	
Holmshaw Services Limited	34,120,900	6.76	–	
Ong Beng Seng	3,300,000	0.65	115,971,680 (1)	22.97
Peter Fu Chong Cheng	–		147,349,070 (2)	29.19
Kuo Investments Limited	–		34,120,900 (3)	6.76
Nassim Developments Pte. Ltd.	101,136,000	20.04	–	–
Wheelock Properties (Singapore) Limited	–		■ 101,136,000	20.04
Star Attraction Limited	–		■ 101,136,000	20.04
Wheelock Properties Limited	–		■ 101,136,000	20.04
Wheelock and Company Limited	–		■ 101,136,000	20.04

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.

■ Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Properties Limited, Wheelock and Company Limited are deemed to have an interest in the 101,136,000 shares held by Nassim Developments Pte. Ltd. by virtue of the provisions under Section 7 of the Companies Act, Cap. 50 of Singapore.

Approximately 33.12% 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 IS HEREBY GIVEN that the Thirtieth Annual General Meeting of the Company will be held at Concorde Hotel Singapore, Concorde 2, 3rd level (Lobby level), 100 Orchard Road, Singapore 238840 on Thursday, April 29, 2010 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, 2009 and the Auditor's Report thereon. **Resolution 1**

2. To declare a first and final one-tier tax-exempt dividend of 2 cents per ordinary share for the year ended December 31, 2009. **Resolution 2**

3. To approve the proposed Directors' fees of $387,250 for the year ended December 31, 2009. (2008: $310,500) **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 Joseph Grimberg 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 William Fu Wei Cheng pursuant to Article 70 of the Articles of Association. **Resolution 6**

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

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

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:-

10. **Share Issue Mandate** **Resolution 9**

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors to:-

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

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

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

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

provided that:

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

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

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

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

(iii) 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 13, 2010 to May 14, 2010 (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 12, 2010 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 25, 2010 to shareholders registered in the books of the Company on May 12, 2010.

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 14, 2010
Singapore

Explanatory Notes on Special Business to be transacted:-

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

(b) Mr Joseph Grimberg, a Non-Executive Independent Director who is over seventy years of age, if re-appointed, will remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee.

(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 SGX-ST.

(d) Ordinary Resolution 9 will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

Notes:

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 50 Cuscaden Road #08-01 HPL House, Singapore 249724, not less than 48 hours before the meeting.
(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
(4) In the case of joint shareholders, all holders must sign the form of proxy.

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.

PROXY FORM

ANNUAL GENERAL MEETING

I/We ____(Name)

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 Thirtieth Annual General Meeting of the Company to be held at Concorde Hotel Singapore, Concorde 2, 3rd level (Lobby level), 100 Orchard Road, Singapore 238840 on Thursday, April 29, 2010 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		
3.	Approval of Directors' Fees		
4.	Re-appointment of Auditors		
5.	Re-appointment of Director (Mr Joseph Grimberg)		
6.	Re-election of Director (Mr William Fu Wei Cheng)		
7.	Re-election of Director (Mr Leslie Mah Kim Loong)		
8.	Re-election of Director (Mr Christopher Lim Tien Lock)		
9.	Authority to issue shares pursuant to Share Issue Mandate		

Dated this _______________ day of _______________ 2010

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.

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

50 Cuscaden Road #08-01
HPL House Singapore 249724
Tel:6734 5250 Fax:6732 0347
www.hotelprop.com
Regn No: 198000348Z