HOTEL
PROPERTIES
LIMITED

ANNUAL REPORT **2010**

Contents

Chairman's Statement

Joseph Grimberg
Chairman

FINANCIAL REVIEW

The Group's revenue for the year ended December 31, 2010, amounted to $442.1 million, a slight decrease from the $443.2 million recorded last year. This was due to a lower contribution from the properties division, resulting from the completion of The Met condominium development. This decrease was off-set by the higher revenue generated by the hotels and resorts, particularly those in Singapore and the Maldives.

During the year under review, the Group disposed of its interest in a joint venture company which owns a mixed use property development in Shanghai, for a gain of $95 million. Proceeds from the disposal resulted in more cash and lower bank borrowings. Collection of the balance of the proceeds from the purchasers of The Met condominium has also contributed to more cash generated from operations, and in turn reduced the trade receivable balance.

The Group's share of results of associates and jointly controlled entities has turned around from a loss of $5.75 million last year to a profit of $11.9 million for the year under review. Profit recognition has commenced for The Interlace condominium development in Alexandra Road, Singapore. Four Seasons Resort Seychelles and Hard Rock Hotel Penang which commenced business last year also recorded better results for the year under review.

Profit before income tax and fair value changes in investment properties for the year ended December 31, 2010, was $133 million compared to $54.7 million last year.

After adjusting for fair value gain on investment properties of $26.1 million (2009: loss of $2.7 million), income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2010, was $140.3 million compared to $35.2 million last year.

RECENT DEVELOPMENTS

During the year under review, the Group started marketing Tomlinson Heights, an up-market freehold residential development on the former Beverly Mai site in prime district 10 in Singapore. Strategically located within close proximity to the Four Seasons Hotel and a wide selection of lifestyle and entertainment options, as well as educational institutions, it is a desirable option for home buyers seeking a high-end residence with all the conveniences of city living.

Through a joint venture with CapitaLand, the Group has unveiled another premier residential development, d'Leedon. Designed by critically-acclaimed Pritzker Architecture Prize winner, Zaha Hadid, d'Leedon is Zaha's maiden project in Singapore. Located along Farrer Road, this luxurious condominium is surrounded by good class bungalows and is close to the Botanic Gardens and Bukit Timah Nature Reserve.

Several acquisitions were also recently concluded through an associate of the Group. These include a hotel project in the Phuket region in Thailand and the Mandarin Oriental Hotel, a 99-room freehold property in Prague, Czech Republic.

PROSPECTS

The hotel and resort division is expected to continue to contribute strongly to the Group's operating result, although inflation and the strengthening of the Singapore dollar may post challenges ahead.

On the property front, the recent anti-speculation measures introduced by the Singapore government have affected market sentiment. Nevertheless, demand for properties in good locations is expected to remain steady from genuine home buyers and long term investors. The Group will continue to recognise profits from The Interlace condominium development as well as commence profit recognition from d'Leedon and Tomlinson Heights.

DIVIDEND

The Board of Directors has recommended a final one-tier tax exempt cash dividend of 2 cents per ordinary share, and a special dividend of 3 cents per ordinary share for the year ended December 31, 2010.

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

Joseph Grimberg
Chairman
March 18, 2011

HOTELS

Business Review: Hotels

HPL is unique niche owner and operator of hotels in the world. Its mantra is to consistently seek to provide exemplary services to its guests in unique destinations.

The hotel division consists of 24 hotels spanning ten countries; Singapore, Malaysia, Thailand, Indonesia, Bhutan, Maldives, Seychelles, Vanuatu, the United States and Czech Republic. These HPL properties are operated under the management of world-renowned hospitality brands such as Four Seasons, Hilton International, Como Hotels, InterContinental Hotels Group and our most recent addition, the Mandarin Oriental Hotels Group. In addition, HPL also manages its own portfolio of hotels under the Concorde Hotels, Hard Rock Hotels in addition to a number of boutique hotels.

In Singapore, our hotels are strategically located in Orchard Road shopping belt. Our Four Seasons Hotel together with the Hilton Singapore are located near the prime Orchard and Scotts Road area. Travel and Leisure (US) ranked Four Seasons Singapore 14th in the World. Whilst Travel & Leisure (South East Asia) ranked Four Seasons Singapore as the Best City Hotel in Singapore and second best hotel in Asia. Further down Orchard Road, the Concorde Hotel Singapore is located close to the Dhoby Ghaut Civic precinct. With the unprecedented influx of tourists arrivals to Singapore in 2010, our properties with their unique positioning and service standards have been beneficiaries of strong demand which has contributed strongly to the Group's earnings in the current financial year.

Our properties in the Maldives have consistently contributed to our earnings. The Four Seasons Resort Maldives at Kuda Huraa in the North Male Atoll, the Four Seasons Resort Maldives at Landaa Giraavaru in the far flung Baa Atoll, the Holiday Inn Kandooma and the Rihiveli Resort, located in the South Male Atoll have seen strong demand from travelers in search of new experiences. Four Seasons Resort Maldives at Landaa Giraavaru won the Best Resort in the Maldives and 6th Best Resort in the World by Conde Nast Traveller (UK).

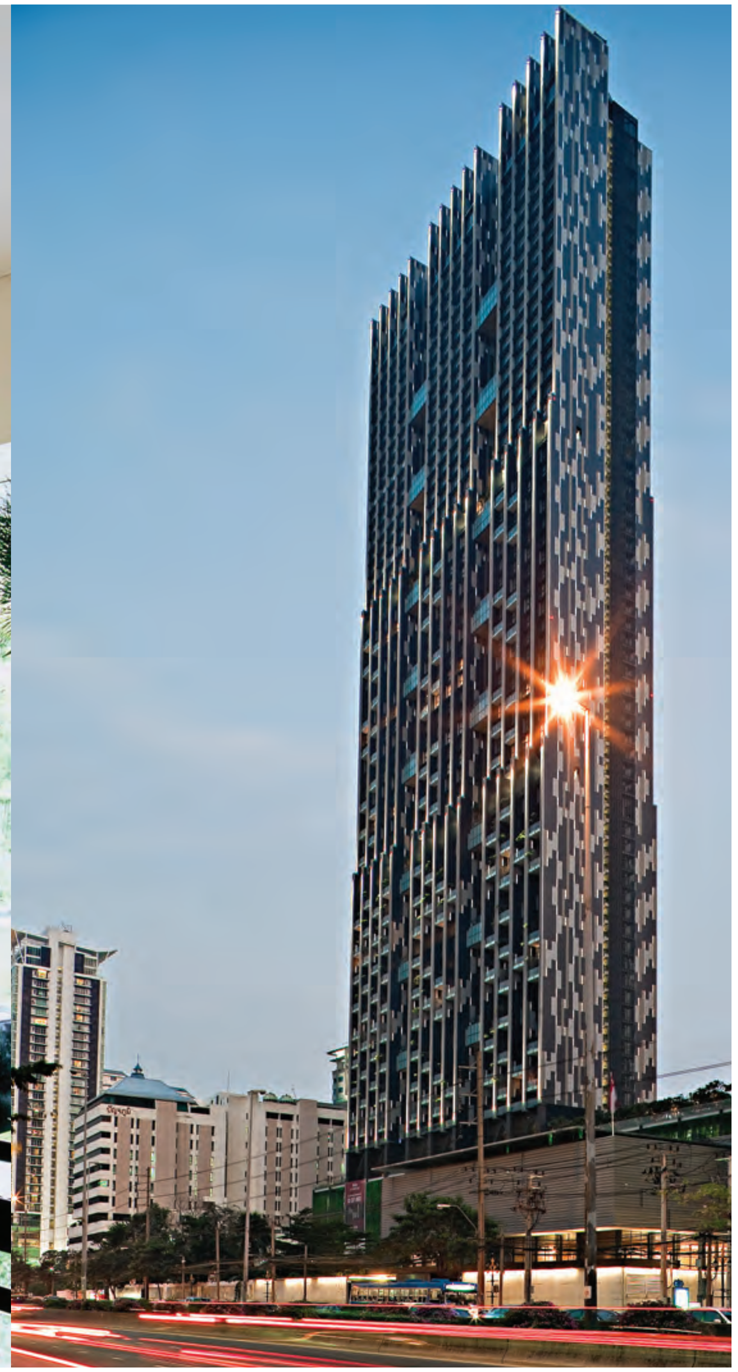
In Bali, our Four Seasons Resort at Jimbaran Bay and the Four Seasons Resort at Sayan continue to be amongst the leading hotels in Bali. Four Seasons Resort at Jimbaran Bay has won accolades from Conde Nast Traveller (USA), Conde Nast Traveller (UK) and Travel & Leisure (USA). Four Seasons Resort at Sayan also was ranked 3rd in the list of Top Resorts in Asia by Conde Nast Traveller (USA). Our Hard Rock Hotel Bali on the famous Kuta Beach, also continues to attract strong demand from travelers looking for a different experience in Bali.

The recent additions of 2009, the Four Seasons Resort Seychelles and the Hard Rock Hotel Penang have continued to perform. Four Seasons Seychelles also won a number of accolades from Conde Nast Traveller, Travel & Leisure and Robb Report.

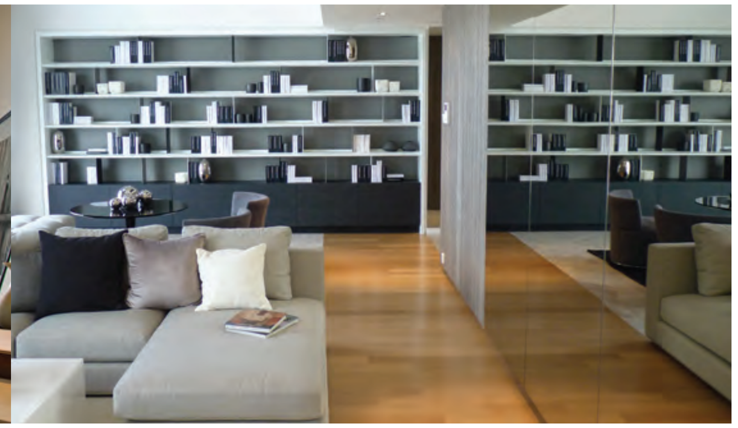
In 2010, we acquired the Mandarin Oriental Hotel Prague, with its superb location in the heart of Malá Strana, Prague's oldest district. The 99-key hotel with original Gothic, Renaissance, and Baroque architectural features was home of a former monastery with origins dating back to the 14th Century.

In Bhutan, sited in the pine-clad Paro valley with magnificent views of the snow-tipped Jomolhari mountain is the exotic Uma Paro property which continues to entice the adventurer traveler from all over the world.

The hotel division continues to be focused and selective in growing opportunities that will meet the every changing demands of the growing numbers of travel savvy consumers. We are hopeful that the hotels and resorts division will continue to contribute strongly to the Group.



PROPERTIES



Over the years, HPL has established itself as a niche property developer in prime residential properties in Singapore and the Asia Pacific region. Some of our notable projects include Cuscaden Residences, Four Seasons Park, Nassim Jade, Robertson Blue and Scotts 28.

The latest addition to our exclusive line-up of residential properties is Tomlinson Heights, an up-market freehold residential development on the former Beverly Mai site in prime district 10. It is set to be an artistic addition to the city's skyline, with its sleek, curvilinear architecture. Creatively designed, the wave-like fluidity of its façade reflects adaptation and evolution. The floor-to-ceiling windows of each residence, meanwhile, will usher the beauty of the surrounding cityscape right into the privacy of the living room, with privileged views overlooking Orchard and Scotts and stretching towards Tanglin, Botanic Gardens, Dempsey and beyond. On the opposite side of its desirable north-south orientation, the lush localities of One Tree Hill and River Valley beckon. With its enviable address, residents will be close to a host of lifestyle and entertainment options, as well as a variety of educational institutions.

Not to be outshone by the developments in Singapore, The Met condominium in Bangkok, Thailand has also garnered several accolades for its design excellence and architecture ingenuity. It was named the World's Best Housing Development by the prestigious World Architecture Festival Award in 2009, for its innovative attempt to open a skyscraper to the city. Soaring 66 storeys high above the city in the heart of Bangkok, the exclusive, premier condominium affords its well-heeled residents with unlimited views and unparalleled luxury in the ultimate tropical home.

Together with our joint venture partner CapitaLand, the Group launched The Interlace condominium. Setting a new benchmark in concept living, The Interlace defies the convention of residential development design to explore a dramatically different approach to tropical living. An ambitious 8-hectare development, The Interlace is set amidst lush landscaping and expansive outdoor spaces. The design of this iconic development is revolved around three key elements – Nature, Space and Community. The Interlace is expected to appeal to well-travelled and cosmopolitan home buyers who aspire a home with a difference.

The Group closed the year with an impressive development by unveiling d'Leedon Condominium, another premier residential development in collaboration with CapitaLand. The first condominium in Singapore designed by critically-acclaimed Pritzker Architecture Prize winner, Zaha Hadid, d'Leedon is the epitome of true luxury. It is surrounded by good class bungalows and is close to the verdant expanse of Botanic Gardens and the Bukit Timah Nature Reserve. A prestigious development that will be highly coveted for its scale and prime location, d'Leedon's seven residential towers span over an 840,049 square feet site. Rising majestically at 36 storeys high, the condominium offers unobstructed, breathtaking views of the stunning Singapore skyline.

In Hong Kong, the Group has a 20% stake in The Westminster Terrace, a 39-storey luxury residential building above Castle Peak Road. With an exquisite array of amenities to offer, The Westminster Terrace opens out to stunning views of the Tsing Ma and Ting Kau bridges.

On the commercial front, the Group has interest in Forum The Shopping Mall, as well as shop units at Concorde Hotel & Shopping Mall in Singapore. These strategic investments are selected for their good retail mix. Forum The Shopping Mall is an exclusive treasure trove of lifestyle products and designer wear such as DKNY Jeans, Emporio Armani, ck Calvin Klein and other luxury brands; while shop units in the prime Concorde Shopping Mall provide great business potentials.

Also on HPL's list of commercial assets is the iconic Derry and Toms Building in London – a mixed-use development at 99-121 Kensington High Street, an office building at Derry Street and a residential building at Kensington Square.

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 2010

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, 2010.

1. DIRECTORS

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

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

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director and company in which interests are held	**At beginning of year**	**At end of year**
Shares in the Company		
Ong Beng Seng	119,271,680**	119,271,680**
Christopher Lim Tien Lock	326,000	200,500
David Fu Kuo Chen	869,000	869,000
Stephen Lau Buong Lik	331,000	11,000

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	965,000	1,715,000
Stephen Lau Buong Lik	795,000	1,445,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	379,500	253,000
Stephen Lau Buong Lik	330,000	220,000

* 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, 2010, 115,971,680 (as at January 1, 2010, 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, 2011.

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

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

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

a) Share Options Granted

On March 29, 2010 (“Offering Date”), options were granted pursuant to the Scheme 2000 to 9 executives of the Company to subscribe for 2,240,000 ordinary shares in the Company at the subscription price of $1.77 per ordinary share (“Offering Price”).

The options may be exercised during the period from March 29, 2012 to March 28, 2020, 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

During the financial year, the Company issued 55,000 new ordinary shares for cash following the exercise of options by executives of the Company granted in conjunction with the Scheme 2000.

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

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

c) Unissued Shares Under Option

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

Date of Grant	Number of Share Options			Exercise Price	Exercise Period
	Balance at 01/01/10 or date of grant if later	Exercised	Balance at 31/12/10		
Pursuant to Scheme 2000					
28/02/2005	330,000	–	330,000	$1.000	28/02/2007 – 27/02/2015
17/03/2006	1,870,000	55,000	1,815,000	$1.145	17/03/2008 – 16/03/2016
10/10/2007	1,420,000	–	1,420,000	$4.000	10/10/2009 – 09/10/2017
20/05/2008	950,000	–	950,000	$2.330	20/05/2010 – 19/05/2018
13/10/2009	1,050,000	–	1,050,000	$1.720	13/10/2011 – 12/10/2019
29/03/2010	2,240,000	–	2,240,000	$1.770	29/03/2012 – 28/03/2020
Total	7,860,000	55,000	7,805,000		

d) The information on directors of the Company participating in Scheme 2000 and employees who received 5 percent or more of the total number of 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	750,000	3,115,000	1,400,000	1,715,000
Stephen Lau Buong Lik	650,000	2,245,000	800,000	1,445,000

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

e) Awards under Performance Share Plan

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

Year of Award	Balance as at January 1, 2010		Granted	Released	Balance as at December 31, 2010	
	No. of holders	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
2008	2	709,500	–	236,500	2	473,000
2010	–	–	690,000	690,000	–	–
Total		709,500	690,000	926,500		473,000

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 18, 2011

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 74 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, 2010, 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 18, 2011

Report on the Financial Statements

We have audited the accompanying financial statements of Hotel Properties Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at December 31, 2010, 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 74.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2010, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Certified Public Accountants
Singapore

March 18, 2011

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	84,032	48,054	10,057	14,522
Held-for-trading investments	7	1,940	2,540	–	–
Trade and other receivables	8	85,414	152,670	2,744	4,104
Amount due from associates and jointly controlled entities	13	45,053	105,608	9,051	9,531
Amount due from subsidiaries	16	–	–	555,656	733,291
Inventories	10	7,951	7,434	586	573
Development properties	11	290,883	307,998	–	–
Completed properties held for sale	12	54,138	64,405	–	–
Total current assets		569,411	688,709	578,094	762,021
Non-current assets					
Associates and jointly controlled entities	13	479,423	416,256	2,361	2,361
Subsidiaries	16	–	–	726,113	561,557
Available-for-sale investments	17	20,790	5,068	–	–
Other long-term receivables and prepayments	18	630	779	–	–
Property, plant and equipment	19	990,864	1,035,456	229,841	230,674
Investment properties	20	633,560	616,581	–	–
Deferred tax assets	24	657	679	–	–
Intangible assets	21	12,139	15,026	–	–
Total non-current assets		2,138,063	2,089,845	958,315	794,592
Total assets		**2,707,474**	**2,778,554**	**1,536,409**	**1,556,613**
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdraft	22	–	1,154	–	–
Bank loans	22	450,831	176,537	150,951	114,965
Trade and other payables	23	95,040	99,438	25,684	19,077
Derivative financial instruments	9	1,207	584	–	–
Amount due to subsidiaries	16	–	–	44,483	45,565
Income tax payable		9,847	9,336	34	2,261
Total current liabilities		556,925	287,049	221,152	181,868
Non-current liabilities					
Long-term bank loans	22	693,888	1,145,092	342,212	444,129
Other long-term liabilities	22	7,185	13,506	–	–
Advances from subsidiaries	16	–	–	137,004	102,895
Derivative financial instruments	9	–	1,491	–	–
Deferred tax liabilities	24	24,690	29,395	1,308	1,127
Total non-current liabilities		725,763	1,189,484	480,524	548,151
Capital, reserves and non-controlling interests					
Share capital	25	683,926	681,561	683,926	681,561
Reserves		659,174	539,290	150,807	145,033
Equity attributable to owners of the Company		1,343,100	1,220,851	834,733	826,594
Non-controlling interests		81,686	81,170	–	–
Total equity		1,424,786	1,302,021	834,733	826,594
Total liabilities and equity		**2,707,474**	**2,778,554**	**1,536,409**	**1,556,613**

See accompanying notes to financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended December 31, 2010

	Note	Group 2010 $'000	2009 $'000
Revenue	27	442,097	443,181
Cost of sales		(316,906)	(311,431)
Gross profit		125,191	131,750
Other operating income		3,857	2,606
Administrative expenses		(60,809)	(47,495)
Other operating expenses		(2,802)	(900)
Finance costs		(30,497)	(30,923)
Other non-operating income (net)	28	86,214	5,413
Share of results of associates and jointly controlled entities before fair value changes in investment properties		11,869	(5,750)
Profit before income tax and fair value changes in investment properties		133,023	54,701
Fair value gain in investment properties	20	16,979	–
Share of fair value gain (loss) in investment properties of associates		9,091	(2,699)
Profit before income tax	28	159,093	52,002
Income tax expense	29	(12,190)	(14,777)
Profit for the year		146,903	37,225
Attributable to:			
Owners of the Company		140,332	35,241
Non-controlling interests		6,571	1,984
		146,903	37,225
Earnings per share (Cents):	30		
- basic		27.78	6.99
- diluted		27.70	6.97

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2010

	Group	
	2010	2009
	$'000	$'000
Profit for the year	146,903	37,225
Other comprehensive income (net of tax):		
Exchange differences on translating foreign operations	(13,460)	3,084
Decrease in exchange fluctuation reserve arising from disposal of a jointly controlled entity	(11,447)	–
Decrease in exchange fluctuation reserve arising from disposal of an associate	–	(746)
Increase in hedge reserve	868	84
Decrease in other capital reserve	(311)	(451)
Increase in other capital reserve arising from disposal of available-for-sale investments and a jointly controlled entity	11,027	2,206
Decrease in asset revaluation reserve arising from disposal of completed properties held for sale	–	(1,019)
Share of other comprehensive income of associates and jointly controlled entities	94	1,107
Other comprehensive (loss) income for the year, net of tax	(13,229)	4,265
Total comprehensive income for the year	133,674	41,490
Attributable to:		
Owners of the Company	128,419	40,295
Non-controlling interests	5,255	1,195
	133,674	41,490

See accompanying notes to financial statements.

Group	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to to owners of the Company $'000	Non-controlling interests $'000	Total $'000
			(Note 26)			
Balance as at January 1, 2009	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
Final dividend for the previous year, paid (Note 31)	–	(10,096)	–	(10,096)	–	(10,096)
Share-based payments during the year	–	–	3,863	3,863	–	3,863
Total comprehensive income (loss) for the year	–	140,332	(11,913)	128,419	5,255	133,674
Net movement during the year	–	–	–	–	(4,739)	(4,739)
Transfer during the year	2,302	–	(2,302)	–	–	–
Issue of shares	63	–	–	63	–	63
Balance as at December 31, 2010	**683,926**	**529,234**	**129,940**	**1,343,100**	**81,686**	**1,424,786**

Company	Share capital $'000	Retained profits $'000	Other reserves $'000	Total $'000
			(Note 26)	
Balance as at January 1, 2009	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
Final dividend for the previous year, paid (Note 31)	–	(10,096)	–	(10,096)
Share-based payments during the year	–	–	3,863	3,863
Total comprehensive income for the year	–	14,309	–	14,309
Transfer during the year	2,302	–	(2,302)	–
Issue of shares	63	–	–	63
Balance as at December 31, 2010	**683,926**	**35,252**	**115,555**	**834,733**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended
December 31, 2010

	Group	
	2010 $'000	2009 $'000
Cash flows from operating activities		
Profit before income tax and share of results of associates and jointly controlled entities	138,133	60,451
Adjustments for:		
Amortisation of intangible assets	335	332
Depreciation expense	48,376	50,058
Share-based payments expense	3,863	1,357
Property, plant and equipment written off	746	72
Impairment of intangible assets	2,175	–
Fair value gain in investment properties	(16,979)	–
Net gain on disposal of available-for-sale investments	(111)	(1,018)
Gain on disposal of an associate	–	(4,651)
Gain on disposal of a jointly controlled entity	(94,887)	–
Gain on disposal of property, plant and equipment	(117)	–
Finance costs	30,497	30,923
Interest income	(952)	(310)
Dividend income	(30)	(50)
Operating cash flows before movements in working capital	111,049	137,164
Trade and other payables	(5,415)	(21,430)
Completed properties held for sale	11,302	5,195
Development properties and expenditure	25,583	11,830
Receivables and prepayments	120,117	36,175
Held-for-trading investments	600	(2,540)
Inventories	(985)	837
Cash generated from operations	262,251	167,231
Dividend received	30	50
Income tax paid	(15,991)	(13,393)
Net cash from operating activities	246,290	153,888
Investing activities		
Additional available-for-sale investments	(15,069)	–
Additional property, plant and equipment	(33,284)	(20,119)
Net investment in associates and jointly controlled entities	(71,059)	(72,971)
Proceeds from disposal of a jointly controlled entity	121,997	–
Proceeds from disposal of available-for-sale investments	60	4,036
Proceeds from disposal of property, plant and equipment	952	935
Net cash from (used in) investing activities	3,597	(88,119)

	Group	
	2010	**2009**
	$'000	**$'000**
Financing activities		
Interest received	952	310
Finance costs paid	(36,835)	(42,844)
Dividend paid	(10,096)	(5,045)
Repayment to non-controlling shareholders	(2,058)	(946)
Additional borrowings	225,768	379,996
Repayment of borrowings	(389,014)	(393,022)
Proceeds from issue of shares	63	–
Net cash used in financing activities	(211,220)	(61,551)
Net increase in cash and cash equivalents	38,667	4,218
Cash and cash equivalents at beginning of year	46,212	40,647
Effect of exchange rate changes on cash balances held in foreign currencies	(1,542)	1,347
Cash and cash equivalents at end of year	83,337	46,212

The cash and cash equivalents as at December 31, 2010, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits pledged to banks (Note 6).

1. GENERAL

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2010 were authorised for issue by the Board of Directors on March 18, 2011.

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, 2010. 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 103 (2009) *Business Combinations*
FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The main impact of the adoption of FRS 103 (2009) *Business Combinations* on the Group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as ‘minority’ interests) either at fair value or at the non-controlling interests’ share of the fair value of the identifiable net assets of the acquiree;
- to change the recognition and subsequent accounting requirements for contingent consideration;
- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- to require that acquisition-related costs be accounted for separately from the business combination.

FRS 27 (2009) *Consolidated and Separate Financial Statements*
FRS 27 (2009) has been adopted for periods beginning on or after January 1, 2010. Under FRS 27 (2009), all increases in interests in existing subsidiaries or decreases in interests in existing subsidiaries that did not involve a loss of control are dealt within equity reserve, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

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

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

FRS 24 (Revised) *Related Party Disclosures*
FRS 24 (Revised) is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party to the reporting entity.

INT FRS 115 *Agreements for Construction of Real Estate*
INT FRS 115 is effective for annual periods beginning on or after January 1, 2011. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 11 *Construction Contracts* or FRS 18 *Revenue* and when revenue from the construction of real estate should be recognised. The Interpretation is issued with an Accompanying Note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework.

Amendments to FRS 12 *Income Tax*
Amendments to FRS 12 are effective for annual periods beginning on or after January 1, 2012. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in FRS 40 Investment Property. The amendments introduce a presumption that an investment property is recovered entirely through sale unless rebutted. The Group's deferred tax liabilities relating to changes in fair values of its investment properties is disclosed in Note 24 to the financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets

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

Investments are classified as either investments held-for-trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

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.

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

Equity instruments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

DEVELOPMENT PROPERTIES - Development properties for sale are stated at cost, 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.

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

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

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

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

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

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

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

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

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.

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

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

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

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

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for investment potential and income. Investment properties are measured initially at their cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value basis. Gains or losses arising from changes in the fair values of investment properties (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 is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

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

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

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

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

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

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

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

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

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

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

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25.

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.

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

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.

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

i) the level of impairment of tangible and intangible assets;
ii) the determination of fair value of unquoted available-for-sale investments, investment properties and financial derivatives; and
iii) the assessment of adequacy of provision for income taxes.

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

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Held-for-trading investments	1,940	2,540	–	–
Advances and receivables (including cash and cash equivalents)	205,863	298,945	576,944	760,946
Available-for-sale investments	20,790	5,068	–	–
Financial liabilities				
Derivative financial instruments	1,207	2,075	–	–
Other financial liabilities	1,246,944	1,435,727	700,334	726,631

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

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 $2.9 million and $0.1 million respectively (2009: $3.5 million and $0.4 million respectively).

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, Hong Kong dollars, Indonesian rupiah, Thai baht, Chinese renminbi and Australian dollars.

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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
United States dollars	74,379	88,833	17,217	80,465	5,247	27,544	5,334	31,411
Sterling pounds	11,371	12,779	27,331	31,139	–	12,779	336	13,235
Hong Kong dollars	23,613	30,414	11,098	17,367	23,613	–	23,622	–
Indonesian rupiah	6,050	4,955	2,460	2,048	–	–	–	–
Thai baht	–	–	55,960	53,684	–	–	–	–
Chinese renminbi	–	–	25,460	–	–	–	–	–
Australian dollars	16,571	–	17,797	–	–	–	–	–

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

Foreign currency sensitivity

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

	US dollar impact		Sterling pound impact		Hong Kong dollar impact		Indonesian rupiah impact	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Group								
Profit before tax	(259)	(1,061)	(34)	(45)	–	–	359	291
Other equity	5,975	1,898	(1,562)	(1,792)	1,252	1,305	–	–
Company								
Profit before tax	(9)	(387)	(34)	(46)	–	–	–	–

	Thai baht impact		Chinese renminbi impact		Australian dollar impact	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Group						
Profit before tax	–	–	–	–	(151)	–
Other equity	(5,596)	(5,368)	(2,546)	–	29	–
Company						
Profit before tax	–	–	–	–	–	–

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

Credit risk

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

The carrying amount of advances and receivables (including cash and cash equivalents) 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 INSTRUMENTS, 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					
2010					
Non-interest bearing	91,199	91,199	91,199	–	–
Interest bearing	1,156,952	1,220,214	483,510	708,974	27,730
	1,248,151	1,311,413	574,709	708,974	27,730
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
Company					
2010					
Non-interest bearing	70,167	70,167	70,167	–	–
Interest bearing	630,167	670,991	169,724	476,218	25,049
	700,334	741,158	239,891	476,218	25,049
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	–

The Group and the Company have provided corporate guarantees of $34 million (2009: $59 million) and $555 million (2009: $602 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 the 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.

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

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

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the years ended December 31, 2010 and December 31, 2009.

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			
2010			
Financial assets			
Held-for-trading investments	1,940	1,940	–
Available-for-sale investments	20,790	16,283	4,507
Total	22,730	18,223	4,507
Financial liabilities			
Derivative financial instruments	1,207	–	1,207
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

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, other than those disclosed elsewhere in the financial statements, are as follows:

	Group	
	2010	**2009**
	$'000	**$'000**
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	517	342
Rental income	(14,030)	(13,370)
Transactions with associates:		
Management fee income	(2,063)	(1,868)
Rental income	(105)	(110)

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

	Group	
	2010	**2009**
	$'000	**$'000**
Short-term benefits	16,820	7,015
Post-employment benefits	330	276
Share-based payments	3,475	786
	20,625	8,077

6. CASH AND CASH EQUIVALENTS

a) As at December 31, 2010, cash and cash equivalents of approximately $695,000 (2009: $688,000) were pledged to the banks to secure credit facilities for certain subsidiaries of the Group.

b) Included in cash and cash equivalents is an amount of approximately $25,216,000 (2009: Nil) held under the "Housing Developers' (Project Account) Rules", withdrawals from which are restricted to payments for expenditure incurred on the development property.

c) The bank deposits of the Group bear annual interest ranging from 0% to 4% (2009: 0% to 4.1%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

6. CASH AND CASH EQUIVALENTS (cont'd)

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
United States dollars	2,686	10,882	85	3,849
Sterling pounds	338	445	336	442
Australian dollars	1,514	–	–	–
Indonesian rupiah	1,401	941	–	–

7. HELD-FOR-TRADING INVESTMENTS

	Group	
	2010 $'000	2009 $'000
Quoted equity shares, at fair value	1,940	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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade receivables	23,489	144,245	2,052	3,329
Less: Allowances for doubtful receivables	(472)	(395)	(23)	(20)
	23,017	143,850	2,029	3,309
Deposits	1,665	1,252	306	226
Amount receivable relating to disposal of a jointly controlled entity	52,189	–	–	–
Other receivables	1,572	1,433	151	293
Prepayments	6,936	5,960	258	276
Tax recoverable	35	175	–	–
Total	85,414	152,670	2,744	4,104
Movement in allowance for doubtful receivables:				
Balance at beginning of year	395	302	20	68
Amount written off during the year	(16)	(56)	–	–
Increase (decrease) in allowance recognised in profit or loss	117	151	3	(48)
Exchange realignment	(24)	(2)	–	–
Balance at end of year	472	395	23	20

Interest on certain overdue trade balances is charged at rates ranging from 14% to 18% (2009: 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.

8. TRADE AND OTHER RECEIVABLES (cont'd)

Included in the Group's trade receivables balance are debtors with a carrying amount of $3.5 million (2009: $5.1 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 (2009: 48 days).

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

	Group	
	2010 $'000	2009 $'000
Indonesian rupiah	1,059	1,107
United States dollars	253	390

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2010 $'000	2009 $'000
Interest rate swaps:		
Current	(1,207)	(584)
Non-current	–	(1,491)
Total	(1,207)	(2,075)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with notional value of $100 million (2009: $152.5 million) have interest payments at a weighted average rate of 2.1% (2009: 2.4%) per annum as at December 31, 2010, and have floating interest receipts at Swap Offer Rate. The interest rate swaps will mature in 2011 (2009: 2010 and 2011) and are settled on quarterly and semi-annually (2009: quarterly and semi-annually) basis. The Group settles the difference between the fixed and floating interest rates on a net basis.

The fair values of swaps as at December 31, 2010 are estimated to be a loss of $1,207,000 (2009: $2,075,000). 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Saleable merchandise	5,825	5,334	580	561
Operating supplies	2,126	2,100	6	12
Total	7,951	7,434	586	573

11. DEVELOPMENT PROPERTIES

	Group	
	2010 $'000	2009 $'000
Cost incurred and attributable profits	322,162	307,998
Less: Progress payments received and receivable	(31,279)	–
Net	290,883	307,998

Finance costs of $8,411,000 (2009: $13,498,000) arising from financing specifically entered into for the development properties were capitalised during the year. The rates of interest relating to finance costs capitalised ranged from 2.1% to 3.8% (2009: 1.0% to 6.0%) per annum.

12. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	62 (2009: 79) condominium units with an aggregate floor area of approximately 137,522 (2009: 166,496) square feet

13. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Associates (Note 14)	404,638	317,858	2,361	2,361
Jointly controlled entities (Note 15)	74,785	98,398	–	–
	479,423	416,256	2,361	2,361
Amount due from associates – current (Note 14)	44,029	49,857	9,051	9,531
Amount due from jointly controlled entities – current (Note 15)	1,024	55,751	–	–
	45,053	105,608	9,051	9,531

14. ASSOCIATES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cost of investments in associates*	170,582	147,299	245	245
Share of post-acquisition results and reserves net of dividend received	(159,348)	(163,129)	–	–
Advances to associates	393,404	333,688	2,116	2,116
Net	404,638	317,858	2,361	2,361

* During the financial year, equity contribution of $23,283,000 was made in an associate of the Group in which a director is deemed to have interest.

As at December 31, 2010, the advances to associates of $393,404,000 (2009: $333,688,000) and $2,116,000 (2009: $2,116,000) are in substance net investment in the associates.

As at December 31, 2010, the amounts due from associates (classified as current asset) to the Group and Company of $44,029,000 (2009: $49,857,000) and $9,051,000 (2009: $9,531,000) respectively are unsecured, interest-free and repayable on demand.

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	
	2010	2009
	$'000	$'000
Non-current:		
Sterling pounds	26,993	30,694
Chinese renminbi	25,460	–
Current:		
Malaysian ringgit	754	704
Hong Kong dollars	11,098	17,367
United States dollars	9,906	10,818

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	
	2010	2009
	$'000	$'000
Statement of financial position		
Total assets	4,331,281	3,325,707
Total liabilities	(4,370,792)	(3,443,929)
Net liabilities	(39,511)	(118,222)
Income statement		
Revenue	434,470	199,786
Profit (Loss) for the year	26,434	(65,170)
Group's share of results of associates	13,899	(6,151)

The Group had not recognised profit arising in the current financial year amounting to $202,000 (2009: $31,000) in an associate. The accumulated losses not recognised were $391,000 (2009: $593,000).

15. JOINTLY CONTROLLED ENTITIES

	Group 2010 $'000	Group 2009 $'000
Cost of investments in jointly controlled entities	27,274	43,424
Share of post-acquisition results and reserves	(8,449)	1,290
Advances to a jointly controlled entity	55,960	53,684
Total	74,785	98,398

As at December 31, 2010, the advances to a jointly controlled entity of $55,960,000 (2009: $53,684,000) bears interest at a weighted average rate of 5.4% (2009: 5.4%) per annum and is substantially secured by a property of the jointly controlled entity.

As at December 31, 2010, the amounts due from jointly controlled entities (classified as current asset) to the Group of $1,024,000 (2009: $55,751,000) are unsecured, interest-free and repayable on demand.

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 2010 $'000	Group 2009 $'000
Current:		
United States dollars	–	53,442
Non-current:		
Thai baht	55,960	53,684

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 2010 $'000	Group 2009 $'000
Statement of financial position		
Total assets	106,352	546,297
Total liabilities	(65,316)	(436,599)
Net assets	41,036	109,698
Income statement		
Profit (Loss) for the year	1,519	(6,537)
Group's share of results of jointly controlled entities	7,061	(2,298)

16. SUBSIDIARIES

	Company 2010 $'000	Company 2009 $'000
Total advances to subsidiaries	1,123,508	1,136,587
Less: Impairment loss	(16,017)	(16,017)
	1,107,491	1,120,570
Less: Amount due from subsidiaries classified as current asset	(555,656)	(733,291)
Non-current advances to subsidiaries	551,835	387,279
Unquoted equity shares, at cost	174,278	174,278
Total	726,113	561,557

As at December 31, 2010, advances to subsidiaries of $551,835,000 (2009: $387,279,000) bear interest at rates ranging from 0.9% to 3.8% (2009: 2.8% to 3.5%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $555,656,000 (2009: $733,291,000) are unsecured, interest-free and repayable on demand.

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

As at December 31, 2010, the amounts due to subsidiaries of $44,483,000 (2009: $45,565,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $137,004,000 (2009: $102,895,000) bear interest at rates ranging from 2.2% to 4.0% (2009: 2.3% to 4.0%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $8,757,000 (2009: $11,690,000).

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

	Company 2010 $'000	Company 2009 $'000
Current:		
United States dollars	5,249	27,562
Sterling pounds	–	12,793
Hong Kong dollars	23,622	–

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

	Company 2010 $'000	Company 2009 $'000
Non-current:		
United States dollars	3,640	5,540

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

17. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2010 $'000	2009 $'000
Unquoted equity shares, at fair value	4,507	5,068
Quoted debt securities, at fair value	16,283	–
Total	20,790	5,068

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values. The fair values of the quoted debt securities are determined based on market prices at the end of the reporting period. The quoted debt securities bear fixed interest rate at 7.3% per annum and mature in 2013.

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

	Group	
	2010 $'000	2009 $'000
United States dollars	4,372	4,933
Australian dollars	16,283	–

18. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	Group	
	2010 $'000	2009 $'000
Prepaid rent	714	870
Less: Current portion of prepaid rent included in prepayments (Note 8)	(84)	(91)
	630	779

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, 2009	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
Additions	56	–	4,419	18,574	10,235	33,284
Reclassification	–	–	71	–	(71)	–
Disposals	–	–	(1,758)	(5,399)	–	(7,157)
Exchange realignment	(2,790)	–	(33,893)	(7,548)	(255)	(44,486)
At December 31, 2010	443,755	116,872	593,680	337,285	10,277	1,501,869
Comprising:						
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
December 31, 2010						
At cost	88,488	116,872	593,680	337,285	10,277	1,146,602
At valuation	355,267	–	–	–	–	355,267
	443,755	116,872	593,680	337,285	10,277	1,501,869
Accumulated depreciation:						
At January 1, 2009	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
Depreciation for the year	876	1,313	19,798	26,389	–	48,376
Disposals	–	–	(1,045)	(4,531)	–	(5,576)
Exchange realignment	(1,100)	–	(9,765)	(5,707)	–	(16,572)
At December 31, 2010	12,422	28,899	212,141	257,258	–	510,720
Impairment loss:						
At January 1, 2009	284	–	–	–	–	284
Exchange realignment	(4)	–	–	–	–	(4)
At December 31, 2009	280	–	–	–	–	280
Exchange realignment	5	–	–	–	–	5
At December 31, 2010	285	–	–	–	–	285
Carrying amount:						
At December 31, 2009	433,563	89,286	421,688	90,551	368	1,035,456
At December 31, 2010	431,048	87,973	381,539	80,027	10,277	990,864

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

	Freehold and leasehold land $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Company					
Cost or valuation:					
At January 1, 2009	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
Additions	–	–	4,053	663	4,716
Disposals	–	(1)	(1,316)	–	(1,317)
At December 31, 2010	208,800	24,890	91,757	663	326,110
Comprising:					
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
December 31, 2010					
At valuation	208,800	–	–	–	208,800
At cost	–	24,890	91,757	663	117,310
	208,800	24,890	91,757	663	326,110
Accumulated depreciation:					
At January 1, 2009	–	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
Depreciation for the year	–	419	4,698	–	5,117
Disposals	–	(1)	(884)	–	(885)
At December 31, 2010	–	16,616	79,653	–	96,269
Carrying amount:					
At December 31, 2009	208,800	8,693	13,181	–	230,674
At December 31, 2010	208,800	8,274	12,104	663	229,841

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

Had the total freehold and long-term leasehold land been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amounts for the Group and Company would have been approximately $195 million (2009: $198 million) and $98 million (2009: $98 million) respectively.

As at December 31, 2010, certain property, plant and equipment with total carrying amount of $864 million (2009: $960 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 $1,443,000 (2009: $1,922,000) held under finance lease.

20. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to $27.9 million (2009: $27.6 million) and $8.3 million (2009: $7.2 million) respectively for the year ended December 31, 2010.

For the year ended December 31, 2010, fair value gain recognised amounted to $17 million (2009: Nil).

Certain investment properties amounting to approximately $604 million as at December 31, 2010 (2009: $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, 2010 and 2009 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, 2009	11,884	6,216	18,100
Exchange realignment	(157)	64	(93)
At December 31, 2009	11,727	6,280	18,007
Exchange realignment	(530)	59	(471)
At December 31, 2010	11,197	6,339	17,536
Accumulated amortisation:			
At January 1, 2009	–	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
Amortisation charged against other non-operating income	–	335	335
Exchange realignment	–	23	23
At December 31, 2010	–	3,339	3,339
Impairment loss:			
Impairment charged against other non-operating income	2,175	–	2,175
Exchange realignment	(117)	–	(117)
At December 31, 2010	2,058	–	2,058
Carrying amount:			
At December 31, 2009	11,727	3,299	15,026
At December 31, 2010	9,139	3,000	12,139

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 (2009: $0.7 million) and $8.4 million (2009: $11.0 million) respectively.

The recoverable amounts of the CGU are determined either from value-in-use calculations or professional valuations on properties held by the CGUs. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the period. Management estimates discount rates using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rate and changes in revenue and direct costs are based on past practices and expectations of future changes in the market.

The value-in-use calculations 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 0% to 9% (2009: ranged from 7% to 9%). The rates used to discount the forecasted cash flow range from 6% to 11% (2009: 6% to 16%).

22. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Due after twelve months				
Long-term bank loans	376,690	787,022	25,014	86,059
Notes payable	317,198	358,070	317,198	358,070
	693,888	1,145,092	342,212	444,129
Other long-term liabilities	6,121	10,475	–	–
Hire purchase creditors	1,064	1,560	–	–
Advance receipts	–	339	–	–
Others	–	1,132	–	–
	701,073	1,158,598	342,212	444,129
Due within twelve months				
Current portion of long-term bank loans	295,251	33,982	–	–
Notes payable	150,951	114,965	150,951	114,965
Short-term bank loans	4,629	27,590	–	–
	450,831	176,537	150,951	114,965
Bank overdraft	–	1,154	–	–
Current portion of other long-term liabilities (Note 23)	3,472	3,791	–	–
Current portion of advance receipts (Note 23)	339	1,354	–	–
Current portion of hire purchase creditors (Note 23)	369	491	–	–
	455,011	183,327	150,951	114,965
Bankers' guarantees	28,487	28,852	694	662

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 5.5% (2009: 0.7% to 7.5%) per annum, and certain notes payable (unsecured) bear fixed interest rates ranging from 3.3% to 5.3% (2009: 3.3% to 5.3%) per annum. The carrying amount and fair value of these notes are $468,149,000 and $479,928,000 (2009: $473,035,000 and $482,675,000) respectively. The long-term facilities are repayable from 2011 to 2026 (2009: 2010 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, certain subsidiaries and certain non-controlling shareholders.

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

d) The Group has a finance lease arrangement to acquire certain equipment. The lease term is 5 years and interest rate is fixed at 6% per annum. The minimum lease payments payable and its present value amounted to $1.5 million and $1.4 million (2009: $2.3 million and $2.1 million) respectively. Approximately 72% and 74% (2009: 74% and 76%) of the minimum lease payments and its present value are payable in the second to fifth year (inclusive) respectively.

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

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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
United States dollars	74,033	88,169	1,607	22,004
Sterling pounds	11,371	12,779	–	12,779
Hong Kong dollars	23,613	30,414	23,613	–
Australian dollars	16,571	–	–	–

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade payables	47,930	59,444	5,269	6,341
Accrued employee-related expenses	18,148	9,288	10,599	1,723
Accrued operating expenses	15,047	14,865	4,053	4,544
Amount payable relating to acquisition of capital assets	895	608	–	–
Current portion of other long-term liabilities (Note 22)	3,472	3,791	–	–
Current portion of advance receipts (Note 22)	339	1,354	–	–
Current portion of hire purchase creditors (Note 22)	369	491	–	–
Due to companies in which certain directors have interests*	329	242	–	–
Interest payable to non-related companies	7,372	8,199	5,463	6,151
Others	1,139	1,156	300	318
Total	95,040	99,438	25,684	19,077

* 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 (2009: 1 to 2 months).

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

	Group	
	2010 $'000	2009 $'000
United States dollars	346	664
Indonesian rupiah	6,050	4,955

24. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax assets	(657)	(679)	–	–
Deferred tax liabilities	24,690	29,395	1,308	1,127
Net	24,033	28,716	1,308	1,127

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, 2009	(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
Charge to (Reversal from) profit or loss	(56)	1,562	(6,987)	425	655	(4,401)
Exchange realignment	(11)	(411)	135	–	5	(282)
At December 31, 2010	(657)	9,037	202	11,239	4,212	24,033

	Accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
Company			
At January 1, 2009	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
Charge to (Reversal from) profit or loss	200	(19)	181
At December 31, 2010	1,308	–	1,308

25. SHARE CAPITAL AND OPTIONS

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At beginning of year	504,739,851	504,503,351	681,561	681,322
Issue of shares	981,500	236,500	63	–
Transfer from option reserve account	–	–	2,302	239
At end of year	505,721,351	504,739,851	683,926	681,561

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

25. SHARE CAPITAL AND OPTIONS (cont'd)

Under the Hotel Properties Limited Share Option Scheme 2000, 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.

As at the end of the reporting period, there were no options issued under the Hotel Properties Employee Share Option Scheme 2010.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2010		2009	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	5,620,000	2.17	4,570,000	2.27
Granted during the year	2,240,000	1.77	1,050,000	1.72
Exercised during the year	(55,000)	1.15	–	–
Outstanding at the end of the year	7,805,000	2.06	5,620,000	2.17
Exercisable at the end of the year	4,515,000	2.28	3,620,000	2.25

The weighted average market price at the date of exercise for share options exercised during the year was $2.10. The options outstanding at the end of the year have a weighted average remaining contractual life of 6.92 (2009: 7.22) years.

The estimated fair value of the options granted during the year is $0.89 (2009: $0.77). The fair value determined using the Black-Scholes pricing model was based on a share price of $2.28 (2009: $2.17) at the date of grant, and an expected life of 2 years (2009: 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 62% (2009: 61%) based on historical volatility of the Company's share prices over the previous 2.5 years (2009: 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	
	2010	2009
	Number of performance shares	Number of performance shares
Outstanding at the beginning of the year	709,500	946,000
Granted during the year	690,000	–
Released during the year	(926,500)	(236,500)
Outstanding at the end of the year	473,000	709,500

The estimated average fair value of the performance shares granted during the year was $2.78. The fair value was determined based on market share price on grant date.

The Group recognised total expenses of $3,863,000 (2009: $1,357,000) related to equity-settled share-based payment transactions during the year.

26. OTHER RESERVES

	Asset revaluation reserve $'000	Exchange fluctuation reserve $'000	Hedge reserve $'000	Option reserve $'000	Other capital reserve $'000	Total $'000
Group						
Balance as at January 1, 2009	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
Share-based payments during the year	–	–	–	3,863	–	3,863
Total comprehensive income (loss) for the year	–	(21,251)	5,592	–	3,746	(11,913)
Transfer during the year	–	–	–	(2,302)	–	(2,302)
Balance as at December 31, 2010	221,479	(96,870)	(3,370)	4,770	3,931	129,940

	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Total $'000
Company				
Balance as at January 1, 2009	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
Share-based payments during the year	–	–	3,863	3,863
Transfer during the year	–	–	(2,302)	(2,302)
Balance as at December 31, 2010	110,785	–	4,770	115,555

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

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

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

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

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

27. REVENUE

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

	Group	
	2010 $'000	2009 $'000
Sales	21,768	59,911
Hotel revenue	389,191	353,084
Rental income	27,901	27,753
Management fee	3,237	2,433
Total	442,097	443,181

Included in sales is an amount of Nil (2009: $42,043,000) being revenue recognised based on percentage of completion method on development properties.

28. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2010 $'000	2009 $'000
Staff costs (including share-based payments)	114,269	98,115
Cost of defined contribution plans included in staff costs	5,683	5,294
Cost of inventories recognised as expense	35,209	32,087
Depreciation and amortisation	48,711	50,390
Non-audit fees paid to auditors:		
Auditors of the Company	30	66
Other auditors	36	49
Allowance for doubtful trade receivables	117	151
Property, plant and equipment written off*	746	72
Refund of membership fees*	4,694	–
Fair value loss (gain) on held-for-trading investments	535	(862)
Interest income	(952)	(310)
Dividend income (gross)	(30)	(50)
Net gain on disposal of available-for-sale investments*	(111)	(1,018)
Gain on disposal of:		
Jointly controlled entity*	(94,887)	–
Associate*	–	(4,651)
Property, plant and equipment*	(117)	–
Impairment loss on goodwill*	2,175	–
Foreign exchange adjustment loss (net)*	941	266

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

29. INCOME TAX EXPENSE

	Group 2010 $'000	2009 $'000
Current tax	16,726	15,425
Deferred tax	(4,401)	(66)
	12,325	15,359
Overprovision in prior years	(135)	(582)
	12,190	14,777

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2009: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group 2010 $'000	2009 $'000
Profit before income tax and share of results of associates and jointly controlled entities	138,133	60,451
Tax calculated at a tax rate of 17% (2009: 17%)	23,483	10,277
(Non-taxable) Non-deductible items	(13,028)	2,799
Tax exemption	(218)	(294)
Utilisation of unabsorbed tax losses brought forward	(103)	(102)
Deferred tax asset on tax losses arising during the year not recorded	2,132	1,666
Effect of changes in tax rate	–	(813)
Effect of different tax rate of overseas operations	59	1,826
	12,325	15,359
Effective tax rate	8.9%	25.4%

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unrecognised tax losses and capital allowances totaling approximately $56,992,000 and $342,000 (2009: $62,500,000 and $387,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax asset has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating $40,653,000 (2009: $39,874,000) will expire within the next 5 years.

Group relief:
Subject to the satisfaction of the conditions for group relief, capital allowances of $3,216,000 (2009: Nil) arising in the current year are transferred from the Company under the group relief system. In the previous financial year, tax losses of $11,000 were transferred to the Company under the group relief system. These tax losses and capital allowances are transferred to or 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 owners of the Company of $140,332,000 (2009: $35,241,000) divided by the weighted average number of ordinary shares of 505,154,150 (2009: 504,513,718) in issue during the year.

Diluted earnings per share is based on 506,611,216 (2009: 505,766,218) ordinary shares assuming the full exercise of outstanding share options and release of performance shares (Paragraph 5 of Report of the Directors) during the year and adjusted Group earnings of $140,353,000 (2009: $35,253,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2010	**2009**
	$'000	**$'000**
Profit attributable to owners of the Company used to compute basic earnings per share	140,332	35,241
Adjusted profit attributable to owners of the Company used to compute diluted earnings per share	140,353	35,253

	Group	
	2010	**2009**
	No. of shares ('000)	**No. of shares ('000)**
Weighted average number of ordinary shares used to compute basic earnings per share	505,154	504,514
Adjustment for potential dilutive ordinary shares	1,457	1,252
Weighted average number of ordinary shares used to compute diluted earnings per share	506,611	505,766
Basic earnings per share	27.78 cents	6.99 cents
Diluted earnings per share	27.70 cents	6.97 cents

31. DIVIDENDS

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.

In 2010, the Company declared and paid a final one-tier tax-exempt dividend of 2 cents per ordinary share of the Company totaling $10,096,000 in respect of the financial year ended December 31, 2009.

Subsequent to December 31, 2010, 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, and a special dividend be paid at 3 cents per ordinary share of the Company, totaling $25,286,000 for the financial year ended December 31, 2010. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events After The Reporting Period.*

32. CAPITAL COMMITMENTS

	Group	
	2010 $'000	2009 $'000
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	20,103	31,343
Approved but not contracted for	2,968	–

33. OPERATING LEASE COMMITMENTS

	Group	
	2010 $'000	2009 $'000
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	7,927	8,848

At the end of the reporting period, commitments in respect of operating leases for office premises and islands for periods up to 35 years are as follows:

	Group	
	2010 $'000	2009 $'000
Future minimum lease payable:		
Within 1 year	6,664	7,906
Within 2 to 5 years	27,208	34,090
After 5 years	100,472	142,511
Total	134,344	184,507

The Group as lessor

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

	Group	
	2010 $'000	2009 $'000
Future minimum lease receivable:		
Within 1 year	23,321	25,216
Within 2 to 5 years	20,371	18,343
Total	43,692	43,559

The tenancy arrangements range from one to five years. Rental income earned during the year is disclosed in Note 27 to the financial statements.

34. SEGMENT INFORMATION

a) The segment information of the Group is organised into the following reportable segments:

Hotels
These refer mainly to the operations of the hotels and the shopping galleries of the Group as well as the provision of hotel management services. Income is derived mainly from the rental of rooms and shop units, sale of food and beverage and management fee.

Properties
These refer to the rental and sale operations on residential properties and commercial units. Sales and profit from the condominium development projects 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 revenue and non-current assets are analysed based on the location of those assets.

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
REVENUE										
External sales	394,770	357,963	47,263	85,146	64	72	–	–	442,097	443,181
Inter-segment sales	–	–	342	309	–	–	(342)	(309)	–	–
Total revenue	394,770	357,963	47,605	85,455	64	72	(342)	(309)	442,097	443,181
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	106,257	49,313	45,300	39,289	(858)	2,462	–	–	150,699	91,064
Fair value gain in investment properties	–	–	16,979	–	–	–	–	–	16,979	–
Segment results	106,257	49,313	62,279	39,289	(858)	2,462	–	–	167,678	91,064
Finance costs									(30,497)	(30,923)
Interest income									952	310
Share of results of equity accounted investees before fair value changes in investment properties	(64)	(4,451)	12,396	(1,355)	(463)	56	–	–	11,869	(5,750)
Share of fair value changes in investment properties of equity accounted investees	–	–	9,091	(2,699)	–	–	–	–	9,091	(2,699)
Income tax expense									(12,190)	(14,777)
Non-controlling interests									(6,571)	(1,984)
Net profit									140,332	35,241
OTHER INFORMATION										
Segment assets	1,055,864	1,072,099	1,050,484	1,154,319	23,218	7,679	–	–	2,129,566	2,234,097
Investment in equity accounted investees	145,444	135,408	369,542	377,774	9,490	8,682	–	–	524,476	521,864
Unallocated corporate assets									53,432	22,593
Consolidated total assets									**2,707,474**	**2,778,554**

34. SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Segment liabilities	82,586	72,976	14,480	31,074	103	354	–	–	97,169	104,404
Unallocated corporate liabilities									1,185,519	1,372,129
Consolidated total liabilities									1,282,688	1,476,533
Net additions to non-current assets (excluding fair value changes)	67,353	66,248	27,379	86,397	1,719	64	–	–	96,451	152,709
Depreciation and amortisation	47,453	49,130	1,254	1,257	4	3	–	–	48,711	50,390
Non-cash (income) expenses other than depreciation and amortisation	3,078	694	44	–	(5)	(428)	–	–	3,117	266

d) Information by geographic regions:

	Revenue		Non-current assets	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Singapore	187,102	180,912	1,415,133	1,376,718
The Maldives	121,509	107,100	169,806	200,230
The rest of Asia	115,833	132,944	435,426	436,075
Others	17,653	22,225	96,251	71,075
	442,097	443,181	2,116,616	2,084,098

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

35. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2010 %	Group's Effective Interest 2009 %
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 2010 %	Group's Effective Interest 2009 %
Held by subsidiaries of the Company				
21st Century Holding Pte Ltd	Investment holding company	Singapore	100	100
Allegro Investments Pte Ltd	Investment holding company	Singapore	100	100
Amberwood Investments Pte Ltd	Investment holding company	Singapore	100	100
Asia Hotel Growth Fund [(1)]	Investment holding company	Thailand	100	100
Astrid Holdings Co., Ltd [(1)]	Investment holding company	Thailand	49**	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	100	100
Baywood Investments Pte Ltd	Investment holding company	Singapore	100	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	100	100
Chatsworth Development Management Pte Ltd	Project management company	Singapore	100	100
Concorde Hotel Management Inc. [(7)]	Investment holding company	U.S.A.	100	100
Concorde Hotel New York Inc. [(7)]	Investment holding company	U.S.A.	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd [(1)]	Hotel management	Malaysia	100	100
Coralbell Pty Ltd [(7)]	Investment holding company	Australia	100	100
Eastpoint Investments Limited [(1)]	Investment holding company	United Kingdom	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100	100
Hotel Holdings USA Inc [(5)]	Investment holding company	U.S.A.	100	100
HPL (Eaton) Ltd [(1)]	Dormant	United Kingdom	100	100
HPL Hotels Pty Ltd [(7)]	Provision of administrative services	Australia	100	100
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL Investments (1990) Pte Ltd	Property development and investment holding company	Singapore	100	100

35. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2010 %	Group's Effective Interest 2009 %
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 2010 %	Group's Effective Interest 2009 %
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.

** 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 2010 %	Group's Effective Interest 2009 %
808 Holdings Pte Ltd (2)	Investment holding company	Singapore	33.33	33.33
Ankerite Pte Ltd (2)	Property developer	Singapore	25	25
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Lead Wealthy Investments Limited*(1)	Investment holding company	Hong Kong	20	–
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Lucky New Investment Limited (3)	Property developer	Hong Kong	20	20
Morganite Pte Ltd (2)	Property developer	Singapore	22.5	22.5

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

(1) Audited by overseas practices of Deloitte Touche Tohmatsu
(2) Audited by KPMG, Singapore or its overseas practices
(3) Audited by overseas practices of PricewaterhouseCoopers

* Acquired during the financial year

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 2010 %	Group's Effective Interest 2009 %
HPL-Hines Development Pte Ltd*	Investment holding	Singapore	–	85
Shanghai 21st Century Real Estate* (subsidiary of HPL-Hines Development Pte Ltd)	Property developer	People's Republic of China	–	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

* Disposed during the financial year.

Additional Information

This report describes Hotel Properties Limited's ("HPL") corporate governance processes and activities in 2010 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.
Arthur Tan Keng Hock	4	4	N.A.	N.A.
Leslie Mah Kim Loong	4	4	N.A.	1
Michael S. Dobbs-Higginson	3	3	1	N.A.
David Fu Kuo Chen	4	N.A.	N.A.	1
Stephen Lau Buong Lik	4	N.A.	N.A.	N.A.
William Fu Wei Cheng	3	N.A.	N.A.	N.A.

N.A. = Not Applicable

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/non-independent directors and four non-executive/independent directors.

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

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

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

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

Mr Joseph Grimberg

Date of appointment as Director	:	March 21, 1991
Date of appointment as Chairman	:	August 10, 2005
Date of last re-election	:	April 29, 2010
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 29, 2010
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 Executive Managment Committee in London and was responsible for all its business activities in the Asia Pacific and African regions. Subsequently, he joined Merrill Lynch & Co. (“ML”), and became a member of both Merrill Lynch’s Capital Markets Executive Committee and Compensation Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region, where he was responsible for all ML’s activities in the Asia Pacific region. He currently has business interests primarily in technology and a variety of strategic investments. Mr Dobbs-Higginson has also been advisor, *inter alia*, to the Sasakawa Peace Foundation, Japan, to the Banque Indosuez, France and the Bangkok Bank Company Public Limited, Thailand and he is currently Non-Executive Chairman of Crescent Point, Cayman Islands, Vice-Chairman, International of, and Advisor to Livescribe Limited, California, USA, and Advisor to Doran Capital Partners, Seoul, Korea and the Eikon Fund, Athens, Greece. In addition, he has published two books titled “Asia Pacific and its Role in the New World Disorder” and “The Investment Manual for Fixed Income Securities in the International and major Domestic Capital Markets”. He attended 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 from July 5, 1996 to March 12, 1997

Mr Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr Tan, who has been an investment banker for over 15 years, has held senior management positions 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 29, 2010
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002 Chairman of the Nominating Committee since July 28, 2009

Mr Leslie Mah is a fellow member of the Institute of Chartered Accountants in England and Wales. Mr Mah retired as an Executive Director of Eu Yan Sang International Limited on 29 October 2009. Prior to joining Eu Yan Sang, Mr Mah was an Executive Director and Company Secretary 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 and Falcon Energy Group Ltd as an Independent Director.

Mr David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 25, 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 Company.

Mr William Fu Wei Cheng

Date of appointment as Director	:	November 6, 2009
Date of last re-election	:	April 29, 2010
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. In addition, the Audit Committee and Board are satisfied that the appointment of different auditors for some of the Group’s significant associated companies would not compromise the standard and effectiveness of the audit of the issuer.

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 Executive Share Option Scheme and Performance Share Plan.

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

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

The remuneration for executive directors and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive directors and senior management staff consists of both a fixed and variable components. The fixed component includes salary and pension fund contributions. The variable component comprises a bonus element share options and performance shares which are performance-based.

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

The Remuneration Committee recommends the payment of the directors' fees to be approved by shareholders at the AGM of the Company.

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

Details of remuneration and benefits of directors for the financial year ended December 31, 2010 are set out below:-

	Fees**	Salary	Bonus	Other benefits*	Total
	%	%	%	%	%
Above $500,000:					
Ong Beng Seng	2	–	91	7	100
Christopher Lim Tien Lock	1	21	71	7	100
Stephen Lau Buong Lik	2	19	75	4	100
Below $250,000:					
Joseph Grimberg	100	–	–	–	100
Michael S. Dobbs-Higginson	100	–	–	–	100
Arthur Tan Keng Hock	100	–	–	–	100
Leslie Mah Kim Loong	100	–	–	–	100
David Fu Kuo Chen	100	–	–	–	100
William Fu Wei Cheng	100	–	–	–	100

* exclude share options which are disclosed in the Directors' Report.

** these fees are subject to approval by shareholders as a lump sum at the Annual General Meeting for FY2010.

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

There is no employee who is related to a director or the CEO whose remuneration exceeds $150,000 in the Group's employment for the financial year ended December 31, 2010.

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

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

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

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with financial statements. In addition, all relevant information on material events and transactions 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 fulfill their roles and responsibilities as directors.

COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability and Audit
Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

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

The 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, 2010 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2010 (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	14,030	–
Management Fee expense	517	–
Equity contribution	23,283	–

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, 2010 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	8,274	–
Total Freehold and Long-term Leasehold	208,800	8,274	–
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	89,129	–
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	3,177	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	8,527	–	–
Thailand			
A 10-storey hotel building with 320 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	12,620	19,753	–
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	13,775	30,358	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	15,701	606	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	403	–
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.	8,034	22,339	–
Total Freehold	128,353	165,765	–

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)	–	–	87,973
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	383	684	–
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)	76,771	3,737	–
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)	881	25,790	–
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)	3,351	45,376	–
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)	1,156	3,657	–
Vanuatu			
A holiday resort (known as Palm Resort and Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 30, 1980)	1,038	4,160	–

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)	3,249	29,018	–
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)	7,066	51,031	–
A resort (known as Rihiveli Resort) located at South Male Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	–	745	–
A resort (known as Holiday Inn Resort Kandooma) located at South Male Atoll, Republic of Maldives (lease expiring 25 years from April 15, 2005)	–	43,302	–
Total Leasehold	93,895	207,500	87,973
TOTAL (Classified as Group Property, Plant and Equipment)	431,048	381,539	87,973

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	2016	7,143	22,000	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		
62 condominium units at 125 South Sathorn Road, Bangkok, Thailand	Freehold	12,776

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	6.05	72,982	0.01
1,000 - 10,000	5,636	79.81	18,164,826	3.59
10,001 - 1,000,000	975	13.80	39,129,108	7.74
1,000,001 and above	24	0.34	448,354,435	88.66
Total :	7,062	100.00	505,721,351	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares	%
1.	Oversea-Chinese Bank Nominees Pte Ltd	147,727,620	29.21
2.	Nassim Developments Pte. Ltd.	102,948,000	20.36
3.	Citibank Nominees Singapore Pte Ltd	59,057,710	11.68
4.	HSBC (Singapore) Nominees Pte Ltd	41,370,230	8.18
5.	UOB Kay Hian Pte Ltd	15,257,300	3.02
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	13,655,000	2.70
7.	DBSN Services Pte Ltd	10,749,337	2.13
8.	DBS Nominees Pte Ltd	10,360,289	2.05
9.	DBS Vickers Securities (S) Pte Ltd	6,528,220	1.29
10.	Tengku Idris Shah Ibni Sultan Salahuddin Abdul Aziz Shah	5,345,100	1.06
11.	Phillip Securities Pte Ltd	4,813,385	0.95
12.	United Overseas Bank Nominees Pte Ltd	4,652,658	0.92
13.	BNP Paribas Nominees Singapore Pte Ltd	4,460,282	0.88
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.	2,586,351	0.51
17.	CIMB Securities (Singapore) Pte Ltd	2,452,028	0.48
18.	OCBC Securities Private Ltd	2,350,832	0.46
19.	OCBC Nominees Singapore Pte Ltd	1,691,180	0.33
20.	Raffles Nominees (Pte) Ltd	1,675,500	0.33
Total :		443,726,022	87.74

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	14.75	-	
Como Holdings Inc	77,175,780	15.26	-	
Born Free Investments Limited	36,459,390	7.21	-	
Holmshaw Services Limited	34,120,900	6.75	-	
Ong Beng Seng	3,300,000	0.65	115,971,680 (1)	22.93
Peter Fu Chong Cheng	-		147,349,070 (2)	29.14
Kuo Investments Limited	-		34,120,900 (3)	6.75
Nassim Developments Pte. Ltd.	101,136,000	20.00	-	-
Wheelock Properties (Singapore) Limited	-		■ 101,136,000	20.00
Star Attraction Limited	-		■ 101,136,000	20.00
Wheelock Properties Limited	-		■ 101,136,000	20.00
Wheelock and Company Limited	-		■ 101,136,000	20.00

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.

* Based on 505,721,351 ordinary shares as at March 15, 2011

Approximately 33.33% 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 Thirty-First Annual General Meeting of the Company will be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Friday, April 29, 2011 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, 2010 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 and a special dividend of 3 cents per ordinary share for the year ended December 31, 2010. **Resolution 2**

3. To approve the proposed Directors' fees of $618,000 for the year ended December 31, 2010. (2009: $387,250) **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. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Michael S. Dobbs-Higginson be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. **Resolution 6**

8. To re-elect Mr David Fu Kuo Chen pursuant to Article 80 of the Articles of Association. **Resolution 7**

9. To re-elect Mr Stephen Lau Buong Lik pursuant to Article 80 of the Articles of Association. **Resolution 8**

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

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

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

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

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

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

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

provided that:

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

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

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

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

(iii) 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 12, 2011 to May 13, 2011 (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 11, 2011 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 25, 2011 to shareholders registered in the books of the Company on May 11, 2011.

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, 2011
Singapore

Explanatory Notes on Special Business to be transacted:-

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

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

(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.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the time frame specified. (Agent Banks: Please see Note 8 on required format). Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

PROXY FORM

ANNUAL GENERAL MEETING

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 Thirty-First Annual General Meeting of the Company to be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Friday, April 29, 2011 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' Report and Audited Financial Statements		
2.	Declaration of a First and Final Dividend and a Special Dividend		
3.	Approval of Directors' Fees		
4.	Re-appointment of Auditors		
5.	Re-appointment of Director (Mr Joseph Grimberg)		
6.	Re-appointment of Director (Mr Michael S. Dobbs-Higginson)		
7.	Re-election of Director (Mr David Fu Kuo Chen)		
8.	Re-election of Director (Mr Stephen Lau Buong Lik)		
9.	Authority to issue shares pursuant to Share Issue Mandate		

Dated this _______________ day of _______________ 2011

Total No. of Shares Held	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

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

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

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

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

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

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

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

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

GENERAL

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

HOTEL
PROPERTIES
LIMITED

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