



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statements and Dividend Announcement

1(a)(i) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2010	Year ended Dec 31, 2009
Revenue	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	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
Gain (Loss) on fair value changes:		
Share of fair value gain (loss) on investment properties of associates	9,091	(2,699)
Fair value gain on investment properties	16,979	-
	26,070	(2,699)
Profit before income tax	159,093	52,002
Income tax expense	(12,190)	(14,777)
Profit after income tax	146,903	37,225
Attributable to:		
Shareholders of the Company	140,332	35,241
Non-controlling interests	6,571	1,984
	146,903	37,225

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

	GROUP \$'000	
	Year ended Dec 31, 2010	Year ended Dec 31, 2009
Investment income	30	50
Other income including interest income	3,827	1,694
Depreciation and amortisation	(48,711)	(50,390)
Allowance for doubtful trade receivables	(117)	(151)
Fair value (loss) gain in held-for-trading investments	(535)*	862**
Foreign exchange loss	(941)^	(266)^
Adjustment for overprovision of tax in respect of prior years	135	582
Plant and equipment written off	(746)	(72)
Impairment of intangible assets	(2,175)^	-
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	-

Note:

* Included in other operating expense

** Included in other operating income

^ Included in other non-operating income

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Year ended Dec 31, 2010	Year ended Dec 31, 2009
Profit after income tax	146,903	37,225
Other comprehensive income (after 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
	(13,229)	4,265
Total comprehensive income	133,674	41,490
Attributable to:		
Shareholders of the Company	128,419	40,295
Non-controlling interests	5,255	1,195
	133,674	41,490

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
ASSETS				
Current assets:				
Cash and cash equivalents	84,032	48,054	10,057	14,522
Trade and other receivables	85,414	152,670	2,744	4,104
Amount due from associates and jointly controlled entities	45,053	105,608	9,051	9,531
Amount due from subsidiaries	-	-	555,656	733,291
Inventories	7,951	7,434	586	573
Development properties	290,883	307,998	-	-
Completed properties held for sale	54,138	64,405	-	-
Held-for-trading investments	1,940	2,540	-	-
Total current assets	569,411	688,709	578,094	762,021
Non-current assets:				
Associates and jointly controlled entities	479,423	416,256	2,361	2,361
Subsidiaries	-	-	726,113	561,557
Available-for-sale investments	20,790	5,068	-	-
Other long-term receivables and prepayments	630	779	-	-
Property, plant and equipment	990,864	1,035,456	229,841	230,674
Investment properties	633,560	616,581	-	-
Deferred tax assets	657	679	-	-
Intangible assets	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	-	1,154	-	-
Bank loans	450,831	176,537	150,951	114,965
Trade and other payables	95,040	99,438	25,684	19,077
Amount due to subsidiaries	-	-	44,483	45,565
Derivative financial instruments	1,207	584	-	-
Income tax payable	9,847	9,336	34	2,261
Total current liabilities	556,925	287,049	221,152	181,868
Non-current liabilities:				
Advances from subsidiaries	-	-	137,004	102,895
Derivative financial instruments	-	1,491	-	-
Long-term bank loans	693,888	1,145,092	342,212	444,129
Other long-term liabilities	7,185	13,506	-	-
Deferred tax liabilities	24,690	29,395	1,308	1,127
Total non-current liabilities	725,763	1,189,484	480,524	548,151
Share capital and reserves:				
Share capital	683,926	681,561	683,926	681,561
Reserves	659,174	539,290	150,807	145,033
Equity attributable to shareholders 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

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

As at Dec 31, 2010		As at Dec 31, 2009	
Secured	Unsecured	Secured	Unsecured
\$303,352,000	\$150,951,000	\$66,517,000	\$114,965,000

Amount repayable after one year

As at Dec 31, 2010		As at Dec 31, 2009	
Secured	Unsecured	Secured	Unsecured
\$382,811,000	\$317,198,000	\$797,497,000	\$358,070,000

Details of any collateral

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

1(c) Consolidated Statement of Cash Flows

	Year ended Dec 31, 2010 \$'000	Year ended Dec 31, 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 payment expense	3,863	1,357
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)
Profit before working capital changes	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
Cash flows from (used in) 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
Cash from (used in) investing activities	3,597	(88,119)
Cash flows used in financing activities:		
Interest received	952	310
Finance costs paid	(36,835)	(42,844)
Dividend paid	(10,096)	(5,045)
Repayment to minority shareholders	(2,058)	(946)
Additional borrowings	225,768	379,996
Repayment of borrowings	(389,014)	(393,022)
Proceeds from issue of shares	63	-
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

Cash and cash equivalents at end of year

The cash and cash equivalents as at Dec 31, 2010, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$695,000.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP						
Balance as at Jan 1, 2009	681,322	368,802	134,120	1,184,244	81,066	1,265,310
Final dividends for the previous year, paid	-	(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 Dec 31, 2009	681,561	398,998	140,292	1,220,851	81,170	1,302,021
Final dividends for the previous year, paid	-	(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 Dec 31, 2010	683,926	529,234	129,940	1,343,100	81,686	1,424,786

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

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Total \$'000
COMPANY				
Balance as at Jan 1, 2009	681,322	26,074	112,275	819,671
Final dividends for the previous year, paid	-	(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 Dec 31, 2009	681,561	31,039	113,994	826,594
Final dividends for the previous year, paid	-	(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 Dec 31, 2010	683,926	35,252	115,555	834,733

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

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

Since the end of the previous financial period reported on to the date of this announcement, 236,500 new ordinary shares were issued by the Company upon vesting of performance shares granted in conjunction with the Hotel Properties Limited Performance Share Plan.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

As at Dec 31, 2010, the number of outstanding share options under the Company's Share Option Scheme 2000 was 7,805,000 (as at Dec 31, 2009: 5,620,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 473,000 (as at Dec 31, 2009: 709,500).

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

	Dec 31, 2010	Dec 31, 2009
Total number of issued shares excluding treasury shares	505,721,351	504,739,851

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

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

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

Not applicable.

4. Changes in Accounting Policies

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

5. Reasons for and Effect of Changes in Accounting Policies

Not applicable.

6. Earnings Per Share

	Year ended Dec 31, 2010	Year ended Dec 31, 2009
Based on the weighted average number of ordinary shares in issue	27.78 cents	6.99 cents
On a fully diluted basis	27.70 cents	6.97 cents

7. Net Asset Value

	Dec 31, 2010	Dec 31, 2009
GROUP	\$2.66	\$2.42
COMPANY	\$1.65	\$1.64

8. Review of Performance

The Group's revenue for the year ended December 31, 2010, was \$442.1 million, a slight decrease from the \$443.2 million recorded last year. This was due to lower contribution from the properties division pursuant to the completion of The Met condominium development. Such decrease was set off by the higher revenue generated by the hotels and resorts, particularly those in Singapore and 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 at a gain of \$95 million. Proceeds from the disposal resulted in higher cash and lower bank borrowings. Collection of balance proceeds from the purchasers of The Met condominium has also contributed to the higher 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.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

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

On the property front, the recent anti-speculation measures introduced by the Singapore government have affected market sentiments. Nevertheless, demand for properties in good locations is expected to remain steady from the 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.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company declared a final one-tier tax exempt cash dividend of 2 cents per ordinary share in respect of the immediately preceding financial year.

(c) Date payable

Will be announced at a later date.

(d) Books closure date

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

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

Not applicable.

13. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2010

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	394,770	47,263	64		442,097
Inter-segment sales		342		(342)	-
Total revenue	394,770	47,605	64	(342)	442,097
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	106,257	45,300	(858)		150,699
Finance costs					(30,497)
Interest income					952
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(64)	12,396	(463)		11,869
Profit before fair value changes					133,023
Fair value changes in investment properties		26,070			26,070
Profit before income tax					159,093
Income tax expense					(12,190)
Non-controlling interests					(6,571)
Profit attributable to shareholders of the Company					140,332

Year ended December 31, 2009

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	357,963	85,146	72		443,181
Inter-segment sales		309		(309)	-
Total revenue	357,963	85,455	72	(309)	443,181
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	49,313	39,289	2,462		91,064
Finance costs					(30,923)
Interest income					310
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(4,451)	(1,355)	56		(5,750)
Profit before fair value changes					54,701
Fair value changes in investment properties		(2,699)			(2,699)
Profit before income tax					52,002
Income tax expense					(14,777)
Non-controlling interests					(1,984)
Profit attributable to shareholders of the Company					35,241

14. Review of Performance by Business Segments

Please refer to item 8 above.

15. **Breakdown of Sales and Operating Profit**

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group	% increase/(decrease) Group
(a) Sales reported for first half year	223,846	222,769	0.48
(b) Operating profit after tax before deducting non-controlling interests reported for first half year**	14,777	17,441	(15.27)
(c) Sales reported for second half year	218,251	220,412	(0.98)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year**	106,940	22,483	375.65

** excludes fair value gain (loss) on investment properties (net of tax).

16. **Breakdown of Total Annual Dividend**

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	25,286	10,096
Preference	-	-
Total:	25,286	10,096

17. **Interested Person Transactions ("IPT")**

Name of Interested Person	Aggregate value of all IPT during the financial year ended Dec 31, 2010 (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below \$100,000) \$'000
Associates* of Mr Ong Beng Seng / Mr David Fu Kuo Chen /		
- Rental income	14,030	-
- Management fee expense	517	-

Note:

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

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

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
February 21, 2011